



## Financials

## Independent auditor's report to the members of Greenergy Fuels Holdings Limited

### Report on the audit of financial statements

#### Opinion

In our opinion:

- » the financial statements of Greenergy Fuels Holdings Limited (the 'parent company') and its subsidiaries (the 'Group') give a true and fair view of the state of the Group's and of the parent company's affairs as at 31 December 2019 and of the group's profit for the year then ended;
- » the Group financial statements have been properly prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union;
- » the parent company financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union and as applied in accordance with the provisions of the Companies Act 2006; and
- » the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- » the consolidated income statement;
- » the consolidated statement of comprehensive income;
- » the consolidated and company balance sheets;
- » the consolidated and company statements of changes in equity;
- » the consolidated and company cash flow statements; and
- » the related **notes 1 to 34**.

The financial reporting framework that has been applied in their preparation is applicable law and IFRSs as adopted by the European Union and, as regards the parent company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

#### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of the Group and the parent company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (the 'FRC's') Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Material uncertainty related to going concern

We draw attention to **note 1** in the financial statements, which indicates that due to the recent COVID-19 pandemic there is a risk of the performance across the Group being affected leading to one or more bank covenants being breached in 2020.

The Company exists within the Greenergy group of companies, a group which is reliant on external bank funding. Given the operational interdependency around the group, the Company requires access to this funding to continue to exist as a going concern.

As stated in **note 1**, these events or conditions indicate that a material uncertainty exists that may cast significant doubt on the company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

#### Other information

The Directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in respect of these matters.

#### Responsibilities of Directors

As explained more fully in the statement of Directors' responsibilities, the Directors are responsible for the preparation of the financial statements and

for being satisfied that they give a true and fair view, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the Group's and the parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or the parent company or to cease operations, or have no realistic alternative but to do so.

#### **Auditor's responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at:

**[www.frc.org.uk](http://www.frc.org.uk)  
auditorsresponsibilities.**

This description forms part of our auditor's report.

#### **Report on other legal and regulatory requirements**

##### **Opinions on other matters prescribed by the Companies Act 2006**

In our opinion, based on the work undertaken in the course of the audit:

- » the information given in the strategic report and the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- » the strategic report and the Directors' report have been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the Group and of the parent company and their environment obtained in the course of the audit, we have not identified any material misstatements in the strategic report or the Directors' report.

##### **Matters on which we are required to report by exception**

Under the Companies Act 2006 we are required to report in respect of the following matters if, in our opinion:

- » adequate accounting records have not been kept by the Parent Company, or returns adequate for our audit have not been received from branches not visited by us; or
- » the Parent Company financial statements are not in agreement with the accounting records and returns; or
- » certain disclosures of Directors' remuneration specified by law are not made; or
- » we have not received all the information and explanations we require for our audit.

We have nothing to report in respect of these matters.

#### **Use of our report**

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

#### **Heather Bygrave, FCA Senior Statutory Auditor**

For and on behalf of Deloitte LLP  
Statutory Auditor  
St Albans, United Kingdom  
29 April 2020

## Consolidated income statement

for the year ended  
31 December 2019

Group	Note	Year ended 31 December 2019 £'000	Year ended 31 December 2018 £'000
<b>Revenue</b>		<b>15,924,815</b>	16,836,382
Cost of sales		<b>(15,675,412)</b>	(16,684,348)
Gross profit		<b>249,403</b>	152,034
Distribution costs		<b>(90,195)</b>	(86,306)
Administrative expenses		<b>(81,846)</b>	(79,846)
Other operating income		<b>1,381</b>	-
Share of results of joint ventures and associates		<b>(1,906)</b>	215
<b>Operating profit / (loss)</b>	<b>5</b>	<b>76,837</b>	(13,903)
Investment income	<b>7</b>	<b>1,845</b>	5,282
Finance income	<b>8</b>	<b>418</b>	489
Finance costs	<b>9</b>	<b>(30,683)</b>	(16,557)
<b>Profit / (loss) before taxation</b>		<b>48,417</b>	(24,689)
Income tax (expense) / credit	<b>10</b>	<b>(5,297)</b>	212
<b>Profit / (loss) for the financial year</b>		<b>43,120</b>	(24,477)
<b>Profit / (loss) attributable to:</b>			
Owners of the parent		<b>44,269</b>	(26,507)
Non-controlling interest		<b>(1,149)</b>	2,030
<b>Profit / (loss) for the financial year</b>		<b>43,120</b>	(24,477)

The results stated above are all derived from continuing operations.

The notes on pages 138-185 are an integral part of these consolidated financial statements.

## Consolidated statement of comprehensive income

for the year ended  
31 December 2019

	Note	Year ended 31 December 2019 £'000	Year ended 31 December 2018 £'000
<b>Profit / (loss) for the financial year</b>		<b>43,120</b>	(24,477)
<b>Other comprehensive income:</b>			
<i>Items that may be reclassified subsequently to profit or loss</i>			
Equity investments classified as fair value through other comprehensive income	15	<b>(9,670)</b>	(303)
Exchange difference on translation of net assets of subsidiaries		<b>270</b>	701
<b>Total items that may be reclassified subsequently to profit or loss</b>		<b>(9,400)</b>	398
Other comprehensive (expense) / income for the period, net of tax		<b>(9,400)</b>	398
<b>Total comprehensive income / (expense) for the year, net of tax</b>		<b>33,720</b>	(24,079)
<b>Attributable to:</b>			
Owners of the parent		<b>34,855</b>	(26,109)
Non-controlling interest		<b>(1,135)</b>	2,030
<b>Total comprehensive income / (expense) for the year, net of tax</b>		<b>33,720</b>	(24,079)

The items in the statement above are disclosed net of tax. There are no other taxation charges or credits associated with the elements of other comprehensive income reported above (31 December 2018: None).

The notes on **pages 138-185** are an integral part of these consolidated financial statements.

## Consolidated and Company balance sheets

as at 31 December 2019

	Note	Group		Company	
		31 December 2019 £'000	31 December 2018 £'000	31 December 2019 £'000	31 December 2018 £'000
<b>Assets</b>					
<b>Non-current assets</b>					
Property, plant and equipment	12	211,353	134,861	-	-
Right-of-use asset	27	330,839			
Intangible assets including goodwill	13	58,157	61,749	-	-
Investment in Group undertakings	14	-	-	24,243	24,243
Investments in associates	14	354	324	-	-
Investments in joint ventures	14	11,898	79,825	-	-
Equity investments classified as fair value through other comprehensive income	15	15,294	24,964	-	-
Other receivables	17	77,888	89,642	-	-
Deferred income tax assets	21	2,284	-	-	-
		708,067	391,365	24,243	24,243
<b>Current assets</b>					
Inventories	16	777,113	450,222	-	-
Trade and other receivables	17	846,288	850,419	42,724	9,560
Cash and cash equivalents	18	47,020	29,870	-	-
Derivative financial instruments	23	29,140	97,760	-	-
		1,699,561	1,428,271	42,724	9,560
<b>Total assets</b>		<b>2,407,619</b>	<b>1,819,636</b>	<b>66,967</b>	<b>33,803</b>
<b>Liabilities</b>					
<b>Non-current liabilities</b>					
Provisions for other liabilities and charges	20	(2,270)	(1,700)	-	-
Other payables	22	(5,689)	(15,448)	-	-
Lease liabilities	28	(306,868)			
Deferred income tax liabilities	21	(10,834)	(8,983)	-	-
		(325,661)	(26,131)	-	-
<b>Current liabilities</b>					
Trade and other payables	22	(1,168,444)	(1,086,398)	(37,520)	(4,575)
Borrowings	19	(679,391)	(450,640)	-	-
Lease liabilities	28	(33,700)			
Derivative financial instruments	23	(28,165)	(81,579)	-	-
Corporation tax liabilities		-	(4,005)	-	-
		(1,909,700)	(1,622,622)	(37,520)	(4,575)
<b>Total liabilities</b>		<b>(2,235,361)</b>	<b>(1,648,753)</b>	<b>(37,520)</b>	<b>(4,575)</b>
<b>Net assets</b>		<b>172,267</b>	<b>170,883</b>	<b>29,447</b>	<b>29,228</b>

**Consolidated and Company balance sheets**  
continued

as at 31 December 2019  
Company number: 07318726

	Note	Group		Company	
		31 December 2019 £'000	31 December 2018 £'000	31 December 2019 £'000	31 December 2018 £'000
<b>Equity</b>					
Share capital	24	177	177	177	177
Share premium account		85	85	85	85
Merger reserve		24,904	24,904	-	-
Capital redemption reserve		(689)	(689)	-	-
Revaluation reserve		(3,457)	6,213	-	-
Retained earnings		150,570	138,397	29,185	28,966
<b>Equity attributable to owners of the parent</b>		<b>171,590</b>	169,087	<b>29,447</b>	29,228
Non-controlling interests		677	1,796	-	-
<b>Total equity</b>		<b>172,267</b>	170,883	<b>29,447</b>	29,228

The Company has elected to take the exemption under section 408 of the Companies Act 2006 not to present the Parent Company income statement.

The profit of the Parent Company for the period was £31,567,000 (31 December 2018: £26,948,000).

The notes on **pages 138-185** are an integral part of these consolidated financial statements.

The financial statements on **pages 130-185** were approved by the Board of Directors and authorised for issuance on 29 April 2020 and were signed on its behalf by:



**Adam Traeger**  
Director

## Consolidated statement of changes in equity

for the year ended  
31 December 2019

Group	Note	Share capital £'000	Share premium account £'000	Merger reserve £'000	Retained earnings £'000	Capital redemption reserve £'000	Revaluation reserve £'000	Total £'000	Non- controlling interest £'000	Total equity £'000
<b>Balance at 31 December 2017</b>		<b>177</b>	<b>85</b>	<b>24,904</b>	<b>190,980</b>	<b>(689)</b>	<b>6,516</b>	<b>221,973</b>	<b>(234)</b>	<b>221,739</b>
<b>Comprehensive income</b>										
Loss for the year		-	-	-	(26,507)	-	-	(26,507)	2,030	(24,477)
<b>Other comprehensive income</b>										
Equity investments classified as fair value through other comprehensive income		-	-	-	-	-	(303)	(303)	-	(303)
Exchange difference on translation of net assets of subsidiaries		-	-	-	701	-	-	701	-	701
<b>Total comprehensive income</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>(25,806)</b>	<b>-</b>	<b>(303)</b>	<b>(26,109)</b>	<b>2,030</b>	<b>(24,079)</b>
Dividends	11	-	-	-	(26,777)	-	-	(26,777)	-	(26,777)
<b>Total transactions with owners</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>(26,777)</b>	<b>-</b>	<b>-</b>	<b>(26,777)</b>	<b>-</b>	<b>(26,777)</b>
<b>Balance at 31 December 2018</b> (as previously reported)		<b>177</b>	<b>85</b>	<b>24,904</b>	<b>138,397</b>	<b>(689)</b>	<b>6,213</b>	<b>169,087</b>	<b>1,796</b>	<b>170,883</b>
Effect of change in accounting policy for initial application of IFRS 16		-	-	-	(412)	-	-	(412)	-	(412)
<b>Balance at 1 January 2019</b> (as restated)		<b>177</b>	<b>85</b>	<b>24,904</b>	<b>137,985</b>	<b>(689)</b>	<b>6,213</b>	<b>168,675</b>	<b>1,796</b>	<b>170,471</b>
<b>Comprehensive income</b>										
Profit for the year		-	-	-	44,269	-	-	44,269	(1,149)	43,120
<b>Other comprehensive income</b>										
Equity investments classified as fair value through other comprehensive income		-	-	-	-	-	(9,670)	(9,670)	-	(9,670)
Exchange difference on translation of net assets of subsidiaries		-	-	-	256	-	-	256	14	270
<b>Total comprehensive income</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>44,525</b>	<b>-</b>	<b>(9,670)</b>	<b>34,855</b>	<b>(1,135)</b>	<b>33,720</b>
Issue of share capital		-	-	-	-	-	-	-	16	16
Reclassifications		-	-	-	-	-	-	-	-	-
Dividends	11	-	-	-	(31,940)	-	-	(31,940)	-	(31,940)
<b>Total transactions with owners</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>(31,940)</b>	<b>-</b>	<b>-</b>	<b>(31,940)</b>	<b>16</b>	<b>(31,924)</b>
<b>Balance at 31 December 2019</b>		<b>177</b>	<b>85</b>	<b>24,904</b>	<b>150,570</b>	<b>(689)</b>	<b>(3,457)</b>	<b>171,581</b>	<b>677</b>	<b>172,267</b>

The notes on pages 138-185 are an integral part of these consolidated financial statements.

The merger reserve arose on the restructuring of the Group and acquisition of subsidiaries in prior periods.

The capital redemption reserve arose on the purchase of the Company's own shares in prior periods.

The revaluation reserve arose on the revaluation of equity investments classified as fair value through other comprehensive income.

The share premium reserve arose on the sale of shares at a value greater than the nominal value.

Non-controlling interest represents the cumulative effect of earnings not distributed attributable to the non-controlling interest.

Retained earnings represent the cumulative effect of earnings not distributed and the foreign exchange reserve.

## Company statement of changes in equity

for the year ended  
31 December 2019

Company	Note	Share capital £'000	Share premium £'000	Retained earnings £'000	Total £'000
<b>Balance at 31 December 2017</b>		<b>177</b>	<b>85</b>	<b>28,795</b>	<b>29,057</b>
<b>Comprehensive income</b>					
Profit for the period		-	-	26,948	26,948
<b>Total comprehensive income</b>		<b>-</b>	<b>-</b>	<b>26,948</b>	<b>26,948</b>
Dividends	11	-	-	(26,777)	(26,777)
<b>Total transactions with owners</b>		<b>-</b>	<b>-</b>	<b>(26,777)</b>	<b>(26,777)</b>
<b>Balance at 31 December 2018</b>		<b>177</b>	<b>85</b>	<b>28,966</b>	<b>29,228</b>
<b>Comprehensive income</b>					
Profit for the year		-	-	31,567	31,567
<b>Total comprehensive income</b>		<b>-</b>	<b>-</b>	<b>31,567</b>	<b>31,567</b>
Dividends	11	-	-	(31,348)	(31,348)
<b>Total transactions with owners</b>		<b>-</b>	<b>-</b>	<b>(31,348)</b>	<b>(31,348)</b>
<b>Balance at 31 December 2019</b>		<b>177</b>	<b>85</b>	<b>29,185</b>	<b>29,447</b>

The notes on pages 138-185 are an integral part of these financial statements.

Retained earnings represents the cumulative balance of earnings not distributed.

The share premium reserve arose on the sale of shares at a value greater than the nominal value.

## Consolidated statement of cash flows

for the year ended  
31 December 2019

Group	Note	Year ended 31 December 2019 £'000	Year ended 31 December 2018 £'000
<b>Net cash (used in) / generated from operating activities</b>	<b>25</b>	<b>(104,755)</b>	65,035
<b>Investing activities</b>			
Acquisition of subsidiaries net of cash acquired	35	2,416	(20,336)
Purchases of property, plant and equipment	12	(37,457)	(13,894)
Purchases of intangible assets	13	(3,042)	(3,400)
Dividends received		1,845	1,824
<b>Net cash (used in) / generated by investing activities</b>		<b>(36,238)</b>	(35,806)
<b>Financing activities</b>			
Proceeds from borrowings	19	228,751	21,159
Finance income	8	418	489
Finance costs	9	(19,750)	(13,941)
Repayment of lease liabilities - capital		(34,336)	-
Dividends paid	11	(16,940)	(26,777)
<b>Net cash generated from / (used in) financing activities</b>		<b>158,143</b>	(19,070)
<b>Increase in cash and cash equivalents</b>		<b>17,150</b>	10,159
Cash and cash equivalents at the beginning of the year		29,870	19,711
<b>Cash and cash equivalents at the end of the year</b>	<b>18</b>	<b>47,020</b>	29,870

The notes on pages 138-185 are an integral part of these consolidated financial statements.

## Company statement of cash flows

for the year ended  
31 December 2019

Company	Note	Year ended 31 December 2019 £'000	Year ended 31 December 2018 £'000
<b>Net cash generated from operating activities</b>		-	-
<b>Investing activities</b>			
Dividends received		16,348	26,777
Interest received		-	-
<b>Net cash generated from / (used in) investing activities</b>		<b>16,348</b>	26,777
<b>Financing activities</b>			
Dividends paid	11	<b>(16,348)</b>	(26,777)
<b>Net cash generated from / (used in) financing activities</b>		<b>(16,348)</b>	(26,777)
<b>Increase in cash and cash equivalents</b>		-	-
Cash and cash equivalents and bank overdrafts at the beginning of the period		-	-
<b>Cash and cash equivalents and bank overdrafts at the end of the period</b>		-	-

The notes on pages 138-185 are an integral part of these financial statements.

## Notes to the financial statements

### 1. Summary of business and significant accounting policies

#### General business description

Greenergy Fuels Holdings Limited (the 'Company') is a private company limited by shares domiciled and incorporated in the England under the Companies Act. The address of the registered office is given on **page 188**. The Company and its subsidiaries (together, 'the Group') is one of the major gasoline and diesel oil suppliers in the UK, and is a growing fuel supplier in other international markets, such as: Ireland, Canada, Brazil and the Middle East. The Group is also a major supplier and manufacturer of biofuels, and has supporting supply and optimisation operations outside the UK.

#### Basis of preparation

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union (IFRS) and International Financial Reporting Interpretations Committee (IFRIC) interpretations and the Companies Act 2006 applicable to companies reporting under IFRS.

The consolidated financial statements have been prepared on the going concern basis and under the historical cost convention, as modified by the revaluation of inventories, equity investments classified as fair value through other comprehensive income, financial assets and financial liabilities (including derivative instruments) at fair value through profit or loss.

#### Going concern

In preparing the financial statements on the going concern basis, the Directors have considered the rapidly evolving impact and global response to the outbreak of the coronavirus disease 2019 (COVID-19). Specific consideration has been given to the impact that COVID-19 will have on global fuel demand, volatility in commodity and financial markets and more specifically on the Group's ability to continue as a going concern.

The Directors have carried out extensive analysis and assessment of the various risks on the business and its ability to continue as a going concern through and after the COVID-19 outbreak. The primary risk identified is in respect of the Group's reliance on the \$1,100 million working capital which is provided by a syndicate of banks with both a committed and uncommitted element. This facility remains core to the ongoing operations of the businesses' UK operations. In assessing the risk, the Directors have considered:

- » the term remaining on the facility;
- » the strength of the underlying security provided to the banks;
- » the facility utilisation; and
- » financial covenants

On 10 March 2020, agreement was reached to extend the facility to 30 April 2021, with an option to extend for a further one year thereafter. Given the long-standing nature of these banking relationships, the bankers' willingness to renew and extend credit lines in the recent past, and verbal assurances received from the bankers, the Directors are satisfied that both the uncommitted and committed facilities will continue to be available to the Group for the foreseeable future. This facility is self-liquidating and secured against the collateral assets of the main UK and Ireland operating companies including inventories and accounts receivables.

The working capital facility requirements are driven by the scale of the business, volumes and payment cycles for taxes and duty that are collected and paid by Greenergy. With the rise in oil price in 2018, the facility was resized to the current level in the second half of 2018 to accommodate the oil price was in excess of \$80 per barrel. At the current oil price levels, there is more than sufficient headroom for the business to continue to operate in the unsettled environment.

The UK Government's deferral of VAT payments due to COVID-19 until 31 March 2021 also strengthens the Group's cash flow position.

Prior to outbreak of COVID-19 in the key regions in which Greenergy operates, the strong balance sheet and liquidity position and outlook for 2020 the Group was forecasting to operate comfortably within its banking covenant limits. However, the extent and duration that COVID-19 continues to impact on fuel demand may put the Group at risk of breaching some of its banking covenants, particularly in the second half of 2020.

Based on the current downside scenarios, the risk that one or more bank covenants may be breached within 2020 is possible. It is however, the expectation of management that as any breach would be solely as a result of COVID-19 and of a temporary nature, obtaining a waiver from its banking group is a likely outcome. This is further supported by the Group's strong balance sheet, liquidity and the level of collateral provided to the lending banks. For this reason the Directors have concluded that it is appropriate to prepare the financial statements on a going concern basis. However, as obtaining a waiver for any future covenant breach is not wholly within management's control, it represents a material uncertainty which could cast a significant doubt upon the Group's and the Company's ability to continue to operate as a going concern, such that it may be unable to realise its assets and discharge its liabilities in the normal course of business.

#### Consolidation

The consolidated financial statements include the financial statements of the Company and the entities it controls (its subsidiary undertakings) made up to the 31 December each year. Control is achieved where the Company has the power to govern the financial and operating policies of an entity, generally accompanying a shareholding of greater than half of the voting rights, so as to obtain benefits from its activities.

The financial performance and position of subsidiaries are consolidated for the same reporting period as the parent company, using consistent accounting policies.

The results of subsidiaries acquired or disposed of during the period are fully consolidated from the effective date of acquisition or up to the effective date of disposal.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated on consolidation.

#### Subsidiaries exemption from audit by parent guarantee

The following subsidiaries are exempt from the requirements relating to the audit of individual accounts, under s479A-479C of the Companies Act 2006.

Subsidiaries	Registered number
Greenery Biofuels Limited	5082298
Greenery Biofuels Teesside Limited	8460063
Greenery Terminals Limited	6615825
Greenery Morzine Holdings Limited	4423989
Greenery Services Limited	8108998
Inver UK Limited	6707425

Note that Greenery Biofuels Amsterdam BV. and Greenery Netherlands BV. were also exempt from the requirements relating to the audit of individual accounts under the equivalent Dutch legislation.

#### Foreign currency

##### a. Functional and presentational currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated financial statements are presented in Pounds Sterling, which is the Company's functional and the Group's presentational currency.

##### b. Transactions and balances

Transactions in foreign currencies are initially recorded using monthly rates of exchange. Monetary assets and liabilities denominated in foreign currencies are translated using the rate of exchange ruling at the balance sheet date and the gains or losses on translation are included in the income statement within cost of sales.

Non-monetary assets and liabilities that are measured at historical cost and denominated in a foreign currency are translated into the functional currency using the rates of exchange as at the dates of the initial transactions. Non-monetary assets and liabilities measured at fair value in a foreign currency are translated into the functional currency using the rate of exchange at the date the fair value was determined. These gains or losses on translation are included in the income statement within administrative expenses.

##### c. Group companies

The results and financial position of all the Group entities (none of which has the currency of a hyper-inflationary economy) that have a functional currency different from the presentational currency are translated into the presentational currency as follows:

- i. Assets and liabilities for each balance sheet presented are translated at the closing rate at the date of the balance sheet;
- ii. Income and expenses for each income statement are translated at average exchange rates; and
- iii. All resulting exchange differences are recognised in other comprehensive income.

#### Business combinations

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interest issued by the Group in exchange for control of the acquiree. Acquisition-related costs are recognised in profit or loss as incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their fair value at the acquisition date, except that:

- » Deferred tax assets or liabilities and assets or liabilities related to employee benefit arrangements are recognised and measured in accordance with IAS 12 Income Taxes and IAS 19 Employee Benefits respectively;
- » Liabilities or equity instruments related to share-based payment arrangements of the acquiree or share-based payment arrangements of the Group entered into to replace share-based payment arrangements of the acquiree are measured in accordance with IFRS 2 Share-Based Payments at the acquisition date (see below); and
- » Assets (or disposal groups) that are classified as held for sale in accordance with IFRS 5 Non-current Assets Held for Sale and Discontinued Operations are measured in accordance with that Standard.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after reassessment, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

## Notes to the financial statements

- continued

### 1. Summary of business and significant accounting policies - continued

When the consideration transferred by the Group in a business combination includes contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value and included as part of the consideration transferred in a business combination. Changes in fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively, with corresponding adjustments against goodwill. Measurement period adjustments are adjustments that arise from additional information obtained during the measurement period' (which cannot exceed one year from the acquisition date) about facts and circumstances that existed at the acquisition date. The subsequent accounting for changes in the fair value of the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Other contingent consideration is remeasured to fair value at subsequent reporting dates with changes in fair value recognised in profit or loss.

When a business combination is achieved in stages, the Group's previously held interests in the acquired entity are remeasured to its acquisition-date fair value and the resulting gain or loss, if any, is recognised in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income are reclassified to profit or loss, where such treatment would be appropriate if that interest were disposed of.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period (see above), or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed as of the acquisition date that, if known, would have affected the amounts recognised as of that date.

#### Property, plant and equipment

Property, plant and equipment are stated at historical cost less accumulated depreciation and/or accumulated impairment losses, if any.

Historical cost includes the original purchase price or construction cost, any costs directly attributable to bringing the asset to its working condition for its intended use and the initial estimate of any decommissioning obligation, if any, and borrowing costs.

Land is not depreciated. Depreciation on other assets is calculated using the straight line method and charged to write off the cost less the estimated residual value by equal instalments over their estimated useful lives once the asset has been successfully commissioned and is proven to be able to operate at normal levels.

The useful lives of the Group's property, plant and equipment are as follows:

Buildings	15 to 20 years
Plant and machinery	2 to 20 years
Office equipment	2 to 5 years
Motor vehicles	1 to 10 years
Right of use assets	the duration of the lease to which the asset relates

Depreciation is not charged on assets which are under construction or on plant and machinery which has yet to be successfully commissioned until such time that the asset is in a working condition for its intended use.

The residual values and useful lives of property, plant and equipment are reviewed, and adjusted if appropriate, at the end of each reporting period.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within 'Other operating income/(losses)' in the income statement.

#### Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of those respective assets. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

#### Intangible assets

##### a. Goodwill

On acquiring a subsidiary, the acquisition method of accounting is used whereby the purchase consideration is allocated to the identifiable net assets on the basis of fair value at the date of acquisition.

Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the net identifiable assets of the acquired subsidiary at the date of acquisition.

If the fair value attributable to the Group's share of the acquiree's identifiable net assets exceeds the fair value of the consideration, the Group reassesses whether it has correctly identified and measured the acquiree's identifiable net assets and recognises any assets or liabilities that are identified in that review. If that excess remains after the reassessment, the Group recognises the resulting gain in profit or loss on the acquisition date.

After initial recognition, goodwill has an indefinite life and is measured at cost less any accumulated impairment losses. Goodwill is reviewed for impairment on an annual basis or

more frequently if indications that the carrying value may be impaired arise. Impairment is determined by assessing the recoverable amount of the cash-generating unit to which the goodwill relates. Goodwill is allocated to those cash generating units that are expected to benefit from the business combination in which the goodwill arose. Where the carrying amount of the cash-generating unit exceeds its recoverable amount an impairment loss is recognised.

#### **b. Other intangible assets**

Intangible assets with a finite useful life are capitalised at their cost and written off on a straight line basis over their useful economic life as follows:

Branding rights	1 to 10 years
Internally generated software	1 to 10 years
Customer relationships	10 years
Retail brand	10 years

#### **Research and development**

All expenditure on research is charged to the income statement in the period in which it is incurred.

Development expenditure is charged to the income statement as incurred unless it meets the recognition criteria set out in IAS 38 'Intangible Assets'. Where the recognition criteria are met, intangible assets are capitalised and amortised over their useful economic lives.

#### **Branding rights**

Expenditure in relation to branding rights which meets the recognition criteria set out in IAS 38 'Intangible Assets' has been capitalised and amortised over the life of the branded wholesale agreement.

The carrying values of intangible assets are reviewed for impairment whenever events or changes in circumstances indicate the carrying value may not be recoverable.

The amortisation of intangibles has been recognised within administrative expenses in the consolidated income statement.

#### **Investments in subsidiaries**

Investments in subsidiary companies held in the Company are stated at cost less impairment.

#### **Investments in joint arrangements**

The Group applies IFRS 11 to all joint arrangements. A joint arrangement is a contractual arrangement whereby the Group and other parties undertake an economic activity that is subject to joint control; that is, when the strategic financial and operating policy decisions relating to the activities require the unanimous consent of the parties sharing control.

Investments in joint arrangements are classified as joint operations to the extent the Group has rights to the assets and obligations for the liabilities of these arrangements.

As such, the Group accounts for its share of the assets, liabilities, revenue and expenses on a line by line basis. Unrealised gains on transactions between the Group and its joint operations are eliminated to the extent of the Group's interest in the joint arrangement. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

Investments in joint arrangements that are classified as joint ventures are accounted for using the equity method. At initial recognition, the investment is recognised at cost. Subsequent to initial recognition, the carrying value of the investment is adjusted for the Group's share of comprehensive income and distributions. The carrying value is assessed for impairments at each reporting date.

The Group's share of its joint venture's result is recognised as a component of operating profit as these operations form part of the core fuels business of the Group and are an integral part of the business.

#### **Investments in associates**

The group applies IAS 29 to all investments in associates and as such are accounted for using the equity method. At initial recognition, the investment is recognised at cost. Subsequent to initial recognition, the carrying value of the investment is adjusted for the Group's share of comprehensive income and distributions. The carrying value is assessed for impairments at each reporting date.

The Group's share of its associate's result is recognised as a component of operating profit as these operations form part of the core fuels business of the Group and are an integral part of the business.

#### **Impairment of non-financial assets**

The carrying amounts of assets are reviewed at each balance sheet date to determine whether there is any indication of impairment. An asset is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset (an incurred 'loss event') and that loss event has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. If any such indication exists, a full impairment review is undertaken for that asset or group of assets, and any estimated loss is recognised in the income statement. The amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows. For the purposes of assessing impairment assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units).

#### **Financial assets**

##### **a. Classification**

Financial assets are classified as financial assets at fair value through profit or loss, fair value through other comprehensive income or amortised cost. The Group determines the classification of its financial assets upon initial recognition.

## Notes to the financial statements

- continued

### 1. Summary of business and significant accounting policies - continued

#### a. Measurement

The initial and subsequent measurement of financial assets held by the Group depends on their classification as follows:

##### Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading and financial assets designated upon initial recognition at fair value through profit or loss. Initial measurement is at fair value and transaction costs are expensed in the income statement. Subsequent measurement is at fair value with gains or losses to the fair value recognised in the income statement.

##### Financial assets at amortised cost

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Such financial assets are held at amortised cost using the effective interest rate method.

##### Financial assets at fair value through other comprehensive income

Other investments in debt and equity securities held by the Group are classified as being equity investments and are stated at fair value, with any resultant gain or loss being recognised directly in other comprehensive income, except for impairment losses. When these investments are derecognised, the cumulative gain or loss previously recognised directly in equity is transferred to retained earnings.

#### b. Impairment of financial assets

The Group recognises a loss allowance for expected credit losses on investments in debt instruments that are measured at amortised cost or at FVOCI, lease receivables, trade receivables and contract assets. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

The expected credit losses on these financial assets are estimated using a provision analysis based on the group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

For all other financial instruments, the group recognises lifetime Expected Credit Losses (ECL) when there has been a significant increase in credit risk since initial recognition. However, if the credit risk on the financial instrument has not increased significantly since initial recognition, the entity measures the loss allowance for that financial instrument at an amount equal to 12 month ECL.

Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12 month ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

#### c. Definition of default

The Group considers the following as constituting an event of default for internal credit risk management purposes as historical experience indicates that financial assets that meet either of the following criteria are generally not recoverable:

- » when there is a breach of financial covenants by the debtor; or
- » information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full (without taking into account any collateral held by the Group).

#### Financial liabilities

When a financial liability is recognised initially, the Group measures it at its fair value less, in the case of a financial liability not at fair value through profit or loss, transaction costs that are directly attributable to the issue of the financial liability. Financial liabilities include trade payables, other payables, borrowings and derivative financial instruments. Subsequent measurement depends on its classification as follows:

##### Financial liabilities at fair value through profit or loss

Financial liabilities classified as held for trading and derivative liabilities that are not designated as effective hedging instruments are classified as financial liabilities at fair value through profit or loss. Such liabilities are carried on the balance sheet at fair value with gains or losses being recognised in the income statement.

#### Other

All other financial liabilities not classified as fair value through profit or loss are measured at amortised cost using the effective interest method.

#### Derivative financial instruments and hedging activities

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. The fair values of various derivative instruments used for hedging purposes are disclosed in **note 23**. The full fair value of a hedging derivative is classified as a non-current asset or liability when the remaining hedged item is more than 12 months; and as a current asset or liability when the remaining maturity of the hedged item is less than 12 months. Trading derivatives are classified as a current asset or liability.

## **Inventories**

Fuel products are traded in active markets and are purchased with a view to resale in the near future, generating a profit from fluctuations in prices or margins. As a result, stocks of fuel products are carried at market value by reference to quoted market prices at year-end, in accordance with the broker/trader exemption granted by IAS 2. Changes in fair value are recognised in the income statement through cost of sales. Used cooking oil and other products and chemicals used in the production of biofuels are valued at the lower of cost and net realisable value, on a first in first out basis. Duty paid on stock is valued at cost. Tank heels are valued at cost.

## **Renewable Transport Fuel Obligation (RTFO)**

The Group is part of the Renewable Transport Fuel Obligation (RTFO) scheme under which it is required to meet annual targets for the supply of biofuels. The obligations which arise are either settled by cash or through the delivery of certificates which are generated by the Group through the blending of biofuels.

To the extent that the Group generates certificates in excess of its current year obligation, these can either be carried forward to offset up to 25% of the obligation of the Group in 2021 or sold to other parties.

The liability associated with the Group's obligations under the scheme are recognised in the year in which the obligation arises and is valued by reference to either the cost of generating the certificates which will be surrendered to meet the obligation or the expected future cash outflow where cash settled. This is disclosed as the fuel compliance obligation.

Certificates generated or purchased during the year which will be used to settle the current obligation are recognised at the lower of cost and net realisable value. Where certificates are generated, cost is deemed to be the average cost of blending biofuels during the year in which the certificates are generated.

Certificates held for sale to third parties are recognised at fair value by reference to year-end market prices. Changes in market prices of the certificates and the quantity of tickets considered to be realisable through external sales are recognised immediately in the income statement.

Certificates for which no active market is deemed to exist are not recognised.

## **Greenhouse Gas Emissions Reporting (GHG)**

As of 1 January 2019, new Greenhouse Gas (GHG) Legislation in the UK came into effect. This new legislation requires fuel suppliers to reduce the GHG emissions from the fuel they supply in the UK by 4% in 2019 and 6% in 2020. To comply with the new legislation, suppliers must obtain a certain number of GHG credits, which are awarded according to the carbon intensity of the fuel they supply.

If the supplier does not have enough credits to meet its obligation, it will need to acquire credits generated by other suppliers or pay a Buy-Out price to the Government.

The liability associated with the Group's obligations under the scheme is recognised in the year in which the obligation arises and is valued by reference to the fair value of GHG credits required to meet the obligation.

Certificates held for sale to third parties are recognised at fair value by reference to year-end market prices. Changes in market prices of the certificates and the quantity of tickets considered to be realisable through external sales are recognised immediately in the income statement. Certificates cannot be carried forward to offset obligations in future years.

The GHG Legislation terminates as of 31 December 2020, with redemption in September 2021. This could affect high GHG percentage saving biofuels in the UK market as the GHG Obligation continues in several Member States through 2021. In the UK, the focus will shift to Double Counting feedstocks as the main RTFO Obligation remains at 9.6%, above the blend percentage allowable for UK specification fuel.

## **Introduction of development fuels**

From 1 January 2019, the Renewable Transport Fuel Obligation legislation requires that a growing percentage of biofuel must be derived from development fuels (dRTFC).

We believe dRTFCs are a significant opportunity for Greenergy and we continue to investigate solutions to satisfy this requirement. Our established track record of innovation uniquely positions us to respond to these changes.

## **Trade receivables**

Trade receivables are amounts due from customers for fuel products sold or services performed in the ordinary course of business. If collection is expected in one year or less they are classified as current assets, otherwise they are presented as non-current assets.

Trade receivables are recognised initially at fair value and subsequently at amortised cost, less provision for impairment.

## **Cash and cash equivalents**

Cash and cash equivalents include cash in hand, deposits held at call with banks, and other short-term highly liquid investments with original maturities of three months or less.

## **Trade payables**

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less; otherwise they are presented as non-current liabilities.

Trade payables are recognised initially at fair value and subsequently measured at amortised cost.

## Notes to the financial statements

- continued

### 1. Summary of business and significant accounting policies - continued

#### Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the income statement over the period of the borrowings using the effective interest method.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a pre-payment for liquidity services and amortised over the period of the facility to which it relates.

Bank overdrafts are included within the current borrowings on the balance sheet.

#### Current and deferred income taxes

The tax expense for the year comprises current and deferred tax. Tax is recognised in the income statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

##### a. Current taxes

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Company's subsidiaries operate and generate taxable income.

##### b. Deferred taxes

Deferred income tax is recognised, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill; deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred income tax is provided on temporary differences arising on investments in subsidiaries and associates, except for deferred income tax liability where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

#### Pension costs

Contributions are made to the personal plans of all applicable employees. The expenditure is charged to the income statement in the period to which it relates.

#### Provisions and contingencies

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources will be required to settle the obligation and a reliable estimate can be made of the amount.

A contingent liability is disclosed where the existence of an obligation will only be confirmed by future events or where the amount of the obligation cannot be measured reliably. Contingent assets are not recognised, but are disclosed where an inflow of economic benefits is probable.

Where the Company enters into financial guarantee contracts to guarantee the indebtedness of other companies within its Group, the Company considers these to be insurance arrangements, and accounts for them accordingly. In this respect, the Company treats the guarantee contract as a contingent liability until such time as it becomes probable that the Company will be required to make a payment under the guarantee.

#### Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds.

#### Revenue recognition

The Group recognises revenue from the following major sources:

- » Sale of fuel products, RTFO certificates and GHG certificates; and
- » The provision of managed services and storage services; and
- » The provision of haulage services to third-party customers on a delivered-in basis.

Revenue is measured in line with IFRS 15 and is based on the consideration to which the Group expects to be entitled in a contract with a customer and excludes amounts collected on behalf of third parties. The Group recognises revenue when it transfers control of a product or service to a customer.

#### **Sale of fuel products, RTFO certificates and GHG certificates**

Revenue from the sale of goods represents net invoiced sales of fuel products and RTFO/GHG certificates, excluding value added tax and including excise duty. Revenue is recognised when the performance obligation has been satisfied, this being the point at which the product has been delivered to/lifted by the customer. The transaction price is allocated to fuel products on a price-per-litre basis in line with weekly published averages.

#### **Managed services and storage services**

Revenue is recognised for these services based on the stage of completion of the contract, which is deemed to be complete satisfaction of the performance obligations under IFRS 15. Revenue related to one-off services is recognised on the date of the service provision.

#### **Haulage services**

The Group provides haulage services to third-party customers on a delivered-in basis. The revenue related to haulage services is recognised at the point the goods are received by the customer.

Revenue in **note 4** is disclosed as only sale of fuel products as other sources noted above are considered to be immaterial.

#### **Dividend distribution**

Dividend distribution to the Company's shareholders is recognised as a liability in the Group and the Company's financial statements in the year in which the dividends are approved by the Company's shareholders.

#### **Investment income**

Investment income is recognised when the right to receive payment is established.

#### **Non-controlling interest**

Non-controlling interests hold a 20% share indirectly in one of the Group's subsidiaries; Greenergy Fuels Canada Inc. The principal place of business is Canada.

The loss allocated to the non-controlling interests of Greenergy Fuels Canada Inc for the financial year is £1,149,000 (31 December 2018: profit £2,030,000). The accumulated non-controlling interests as at 31 December 2019 is £678,000 (31 December 2018: 1,796,000).

The summarised financial results of Greenergy Fuels Canada are as follows:

Revenue: £595,570,798 (31 December 2018: £505,600,697)  
Loss before tax: £3,214,290 (31 December 2018: Profit £14,361,885).

#### **Amendments to IFRSs that are mandatorily effective for the current year**

In the current year, the company has applied a number of amendments to IFRSs issued by the International Accounting Standards Board (IASB) that are mandatorily effective for an accounting period that begins on or after 1 January 2019:

- » IFRS 16 - Leases
- » IAS 23 - Borrowing costs
- » Amendments to IFRS 9 Prepayment Features with Negative Compensation
- » Amendments to IAS 28 Long-term Interests in Associates and Joint Ventures
- » Amendments to IAS 19 Employee Benefits Plan Amendment, Curtailment or Settlement
- » IFRIC 23 Uncertainty over Income Tax Treatments

Their adoption, excluding IFRS 16, has not had any material impact on the disclosures or on the amounts reported in these financial statements.

#### **Impact of initial application of IFRS 16 leases**

In the current year, the Group has applied IFRS 16 (as issued by the IASB in January 2016) that is effective for annual periods that begin on or after 1 January 2019.

IFRS 16 introduces new or amended requirements with respect to lease accounting. It introduces significant changes to lessee accounting by removing the distinction between operating and finance lease and requiring the recognition of a right-of-use asset and a lease liability at commencement for all leases, except for short-term leases and leases of low value assets. In contrast to lessee accounting, the requirements for lessor accounting have remained largely unchanged. The impact of the adoption of IFRS 16 on the Group's consolidated financial statements is described below.

The date of initial application of IFRS 16 for the Group is 1 January 2019.

The group has elected to apply the modified retrospective approach:

- » Prior year comparatives are not restated
- » Any difference between the asset and liability are recorded in opening equity at transition
- » Carry forward the carrying amount of lease assets held under finance leases and finance lease liabilities
- » Calculate the outstanding liability for existing operating leases using the incremental borrowing rate at the date of transition
- » For existing operating leases, measure the right of use asset at an amount equal to the lease liability

## Notes to the financial statements

- continued

### 1. Summary of business and significant accounting policies - continued

#### a. Impact of the new definition of a lease

The Group has made use of the practical expedient available on transition to IFRS 16 not to reassess whether a contract is or contains a lease. Accordingly, the definition of a lease in accordance with IAS 17 and IFRIC 4 will continue to be applied to those contracts entered or modified before 1 January 2019.

The change in definition of a lease mainly relates to the concept of control. IFRS 16 determines whether a contract contains a lease on the basis of whether the customer has the right to control the use of an identified asset for a period of time in exchange for consideration. This is in contrast to the focus on 'risks and rewards' in IAS 17 and IFRIC 4.

The Group applies the definition of a lease and related guidance set out in IFRS 16 to all contracts entered into or changed on or after 1 January 2019. In preparation for the first-time application of IFRS 16, the Group has carried out an implementation project. The project has shown that the new definition in IFRS 16 will not significantly change the scope of contracts that meet the definition of a lease for the Group.

#### b. Impact on lessee accounting:

##### i. Former operating leases

IFRS 16 changes how the Group accounts for leases previously classified as operating leases under IAS 17, which were off balance sheet.

Applying IFRS 16, for all leases (except as noted below), the Group:

- a. Recognises right-of-use assets and lease liabilities in the consolidated statement of financial position, initially measured at the present value of the future lease payments;
- b. Recognises depreciation of right-of-use assets and interest on lease liabilities in profit or loss;
- c. Separates the total amount of cash paid into a principal portion (presented within financing activities) and interest (presented within financing activities) in the consolidated statement of cash flows.

Lease incentives (e.g. rent-free period) are recognised as part of the measurement of the right-of-use assets and lease liabilities whereas under IAS 17 they resulted in the recognition of a lease incentive, amortised as a reduction of rental expenses generally on a straight-line basis.

Under IFRS 16, right-of-use assets are tested for impairment in accordance with IAS 36. For short-term leases (lease term of 12 months or less) and leases of low-value assets (such as tablet and personal computers, small items of office furniture and telephones), the Group has opted to recognise a lease expense on a straight-line basis as permitted by IFRS 16. This expense is presented within 'other expenses' in profit or loss.

The group has made use of the practical expedients not to apply the requirements of IFRS 16 to short-term leases (deemed to be 12 months) and leases for which the underlying asset is of low value.

##### ii. Former finance leases

The main differences between IFRS 16 and IAS 17 with respect to contracts formerly classified as finance leases is the measurement of the residual value guarantees provided by the lessee to the lessor. IFRS 16 requires that the Group recognises as part of its lease liability only the amount expected to be payable under a residual value guarantee, rather than the maximum amount guaranteed as required by IAS 17. This change did not have a material effect on the Group's consolidated financial statements.

#### c. Impact on lessor accounting

IFRS 16 does not change substantially how a lessor accounts for leases. Under IFRS 16, a lessor continues to classify leases as either finance leases or operating leases and account for those two types of leases differently.

However, IFRS 16 has changed and expanded the disclosures required, in particular with regard to how a lessor manages the risks arising from its residual interest in leased assets.

Under IFRS 16, an intermediate lessor accounts for the head lease and the sub-lease as two separate contracts. The intermediate lessor is required to classify the sub-lease as a finance or operating lease by reference to the right-of-use asset arising from the head lease (and not by reference to the underlying asset as was the case under IAS 17).

Because of this change, the Group has reclassified certain of its sub-lease agreements as finance leases. As required by IFRS 9, an allowance for expected credit losses has been recognised on the finance lease receivables.

#### d. Financial impact of the initial application of IFRS 16

The tables below show the amount of adjustment for each financial statement line item affected by the application of IFRS 16 for the current year.

Impact on profit/(loss) for the year:

	Year ended 31 December 2019 £'000
Decrease in operating lease costs	43,598
Increase in depreciation of right-of-use asset	(44,104)
Increase in finance costs	(9,262)
Foreign exchange on lease liabilities	986
Increase/(decrease) in profit for the year	(8,782)
Impact on assets, liabilities and equity as at 31 December 2019	
Right-of-use assets	330,839
Net investment in leases	535
Net impact on total assets	331,374
Lease liabilities	(340,568)
Net impact on total liabilities	(340,568)
Retained earnings	(9,194)

Loss on sub-leases of (£412,000) was recorded directly in retained earnings on transition.

The weighted average incremental borrowing rate applied to lease liabilities recognised in the statement of financial position at the date of initial application was 2.8%.

For tax purposes the Group receives tax deductions in respect of the right-of-use assets and the lease liabilities in a manner consistent with the accounting treatment.

Group as a lessee:

- The application of IFRS 16 to leases previously classified as operating leases under IAS 17 resulted in the recognition of right-of-use assets of £366,062,000 and lease liabilities of £366,062,000. It also resulted in a decrease in other expenses of £43,598,000 and an increase in depreciation of £44,105,000 and interest expense of £9,262,000.

Group as a lessor:

- The Group, as a lessor, has reclassified certain of its sub-lease agreements as finance leases. The leased assets of £525,000 have been derecognised and finance lease receivables have instead been recognised. This change in accounting treatment changes the timing of recognition of the related revenue (recognised in finance income).

The application of IFRS 16 has an impact on the consolidated statement of cash flows of the Group.

Under IFRS 16, lessees must present:

- » Short-term lease payments, payments for leases of low-value assets and variable lease payments not included in the measurement of the lease liability as part of operating activities;
- » Cash paid for the interest portion of a lease liability as either operating activities or financing activities, as permitted by IAS 7 (the Group has opted to include interest paid as part of financing activities); and
- » Cash payments for the principal portion for a lease liability, as part of financing activities. IAS 8:28(f)(ii)

Under IAS 17, all lease payments on operating leases were presented as part of cash flows from operating activities.

Consequently, the net cash generated by operating activities has increased by £9 million, being the lease payments, and net cash used in financing activities has increased by the same amount.

The adoption of IFRS 16 did not have an impact on net cash flows.

#### Other amendments to IFRS standards and interpretations

In the current year, the Group has applied a number of amendments to IFRS Standards and Interpretations issued by the IASB that are effective for an annual period that begins on or after 1 January 2019. Their adoption has not had any material impact on the disclosures or on the amounts reported in these financial statements.

#### Amendments to IFRS 9 Prepayment Features with Negative Compensation

The Group has adopted the amendments to IFRS 9 for the first time in the current year. The amendments to IFRS 9 clarify that for the purpose of assessing whether a prepayment feature meets the 'solely payments of principal and interest' (SPPI) condition, the party exercising the option may pay or receive reasonable compensation for the prepayment irrespective of the reason for prepayment. In other words, financial assets with prepayment features with negative compensation do not automatically fail SPPI.

#### Amendments to IAS 28 Long-term Interests in Associates and Joint Ventures

The Group has adopted the amendments to IAS 28 for the first time in the current year. The amendment clarifies that IFRS 9, including its impairment requirements, applies to other financial instruments in an associate or joint venture to which the equity method is not applied. These include long-term interests that, in substance, form part of the entity's net investment in an associate or joint venture. The Group applies IFRS 9 to such long-term interests before it applies IAS 28. In applying IFRS 9, the Group does not take account of any adjustments to the carrying amount of long-term interests required by IAS 28 (i.e., adjustments to the carrying amount of long-term interests arising from the allocation of losses of the investee or assessment of impairment in accordance with IAS 28).

## Notes to the financial statements

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### 1. Summary of business and significant accounting policies - continued

#### Annual Improvements to IFRS Standards 2015–2017 Cycle Amendments to IAS 12 Income Taxes, IAS 23 Borrowing Costs, IFRS 3 Business Combinations, and IFRS 11 Joint Arrangements

The Group has adopted the amendments included in the Annual Improvements to IFRS Standards 2015–2017 Cycle for the first time in the current year. The Annual Improvements include amendments to four Standards:

#### IAS 12 Income Taxes

The amendments clarify that the Group should recognise the income tax consequences of dividends in profit or loss, other comprehensive income or equity according to where the Group originally recognised the transactions that generated the distributable profits. This is the case irrespective of whether different tax rates apply to distributed and undistributed profits.

#### IAS 23 Borrowing Costs

The amendments clarify that if any specific borrowing remains outstanding after the related asset is ready for its intended use or sale, that borrowing becomes part of the funds that an entity borrows generally when calculating the capitalisation rate on general borrowings.

#### IFRS 3 Business Combinations

The amendments clarify that when the Group obtains control of a business that is a joint operation, the Group applies the requirements for a business combination achieved in stages, including remeasuring its previously held interest (PHI) in the joint operation at fair value. The PHI to be remeasured includes any unrecognised assets, liabilities and goodwill relating to the joint operation.

#### IFRS 11 Joint Arrangements

The amendments clarify that when a party that participates in, but does not have joint control of, a joint operation that is a business obtains joint control of such a joint operation, the Group does not remeasure its PHI in the joint operation.

#### IFRIC 23 Uncertainty over Income Tax Treatments

The Group has adopted IFRIC 23 for the first time in the current year. IFRIC 23 sets out how to determine the accounting tax position when there is uncertainty over income tax treatments. The Interpretation requires the Group to:

- i. Determine whether uncertain tax positions are assessed separately or as a group; and
- ii. Assess whether it is probable that a tax authority will accept an uncertain tax treatment used, or proposed to be used, by an entity in its income tax filings:
  - » If yes, the Group should determine its accounting tax position consistently with the tax treatment used or planned to be used in its income tax filings.
  - » If no, the Group should reflect the effect of uncertainty in determining its accounting tax position using either the most likely amount or the expected value method.

#### New and revised IFRS Standards in issue but not yet effective

At the date of authorisation of these financial statements, the Group has not applied the following new and revised IFRSs that have been issued but are not yet effective and in some cases had not yet been adopted by the EU:

IFRS 17	Insurance Contracts (effective for periods beginning on or after 1 January 2021)
IFRS 10 and IAS 28 (amendments)	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (effective date is yet to be set the IASB)
Amendments to IFRS 3	Definition of a business
Amendments to IAS 1 and IAS 8	Definition of material (effective for periods beginning on or after 1 January 2020)
IFRIC 23	Amendments to References to the Conceptual Framework in IFRS Standards (effective for periods beginning on or after 1 January 2020)

The Directors do not expect that the adoption of the Standards listed above will have a material impact on the financial statements of the Group in future periods. The Group will adopt these standards on the effective dates listed above.

The Group will apply the above standards for the year ended 31 December 2020.

## 2. Critical accounting judgements and key sources of estimation uncertainty

In the application of the Group's accounting policies, described in **note 1**, the Directors are required to make judgements which have a significant impact on the amounts recognised and to make estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources.

Estimates and associated assumptions applied within the business are continually evaluated and are based on historical experience, current issues and events, and expectations of future events. Actual results may differ from these estimates.

### Critical accounting judgements

#### Recognition of revenue from contracts with customers containing non-standard terms and conditions

The directors have identified the assessment of revenue derived from contracts with customers under non-standard terms and conditions to be a critical accounting judgement in light of the fact that, during the year, the Group entered into an increased number of non-standard revenue transactions compared to prior periods. Critical judgements include the determination of when revenue should be measured on a gross or net basis depending on whether the Group controls goods from a contractual perspective, in addition to the timing of revenue recognition for transactions that fall outside of standard terms for delivery of goods. The Group performed a review of all non-standard contracts against an IFRS 15 revenue recognition checklist so as to ensure that revenue is recognised appropriately and in line with the five step approach prescribed by IFRS 15.

#### Key sources of estimation uncertainty

Estimates applied within the business are continually evaluated and are based on historical experience, current issues and events, and expectations of future events.

#### Impairment of non-current assets including goodwill

Following the assessment of the recoverable amount of non-current assets and goodwill which totals £717,407,000, the Directors consider the recoverable amount of goodwill to be most sensitive to the achievement of the budget in the next 5 years. Budgets comprise forecasts of revenue, staff costs and overheads based on current and anticipated market conditions that have been considered and approved by the Board. Whilst the Group is able to manage most costs, revenue projections are inherently uncertain due to unstable market conditions, particularly due to Brexit and COVID-19.

Key assumptions for impairment reviews conducted in the current period were as follows:

- » Post-tax discount rate of 7.37%
- » Nominal growth rate of cash flows after 5 years kept steady to reflect the overall state of the market.

## 3. Capital management

Management regard the capital of the business to be equity and net debt (constituting borrowings less cash and cash equivalents).

The Group's objective for managing capital is to maintain a solid capital base in order to preserve the confidence of the Group's investors and creditors and to sustain future development of its businesses.

Group members are subject to various banking covenants on their financing facilities. These generally take the form of a requirement to meet a variety of financial ratio targets. Such targets are monitored as part of the regular reporting processes for the entities concerned and forms part of the Group's going concern assessment as detailed in **note 1**.

A variety of financial modelling techniques are employed in the appraisal of potential capital expenditure projects and Board approval is required before such projects are entered into.

Value for shareholders is measured by internal business KPIs.

## Notes to the financial statements

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### 4. Operating segments

Revenue	Year ended 31 December 2019 £'000	Year ended 31 December 2018 £'000
Sales of fuel products	<b>15,924,815</b>	16,836,382

Revenue is recognised in line with the provisions of IFRS 15. Contracts with customers for the sale of fuel products did not contain any significant financing components. Consideration is not dependent on volumes sold and is based upon weekly published averages for price per litre of the specified fuel product.

The primary segments for management and reporting are geographies as outlined below. For more detail on the services and products included in each business segment refer to the strategic report.

Revenue by geographical origin is as follows:

	Year ended 31 December 2019 £'000	Year ended 31 December 2018 £'000
United Kingdom	<b>14,381,511</b>	15,246,183
Europe	<b>520,172</b>	519,896
Rest of the world	<b>1,023,132</b>	1,070,303
	<b>15,924,815</b>	16,836,382

Intangible assets, property, plant and equipment, joint ventures, associates and AFS financial assets by geographical area is as follows:

	Year ended 31 December 2019 £'000	Year ended 31 December 2018 £'000
United Kingdom	<b>638,788</b>	335,860
Europe	<b>23,003</b>	32,504
Rest of the world	<b>46,275</b>	23,001
	<b>708,066</b>	391,365

## 5. Profit / (loss) for the year

	Year ended 31 December 2019 £'000	Year ended 31 December 2018 £'000
<b>5a. Group operating profit is stated after charging / (crediting):</b>		
Depreciation, amortisation and impairment	<b>21,178</b>	18,637
Depreciation on Right-of-use assets	<b>44,104</b>	-
Loss on disposal of Property, plant and equipment	<b>3,278</b>	7
Employee benefit expense	<b>74,704</b>	56,969
Defined contribution pension cost	<b>1,065</b>	2,296
Cost of inventory recognised as an expense	<b>13,167,135</b>	14,659,244
Foreign exchange loss	<b>1,636</b>	9,163
<b>5b. Auditors' remuneration:</b>		
Fees payable to the company's auditors for the audit of the parent company and consolidated financial statements	<b>71</b>	74
Fees payable to the company's auditors and its associates for other services:		
Audit of financial statements of subsidiaries pursuant to legislation	<b>585</b>	326
All other audit-related assurance services	-	-
Tax advisory services	<b>200</b>	174
<b>Total</b>	<b>856</b>	574

## 6. Employee numbers and benefit expense

	Year ended 31 December 2019 Number	Year ended 31 December 2018 Number
<b>The average monthly number of persons employed by the Group (including Directors) during the year, analysed by category, was as follows:</b>		
Drivers - Flexigrid	<b>466</b>	428
Infrastructure staff	<b>144</b>	114
Office staff	<b>418</b>	386
	<b>1,028</b>	928

	Year ended 31 December 2019 £'000	Year ended 31 December 2018 £'000
<b>The aggregate payroll costs of these persons were as follows:</b>		
Wages and salaries	<b>66,191</b>	51,418
Social security costs	<b>6,879</b>	5,551
Defined contribution pension expense	<b>2,699</b>	2,296
	<b>75,769</b>	59,265

The Company had no direct employees during the year or prior period. Refer to **note 31** for information regarding key management compensation.

## Notes to the financial statements

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## 7. Investment income

	Year ended 31 December 2019 £'000	Year ended 31 December 2018 £'000
Income from investments	1,845	5,282

## 8. Finance income

	Year ended 31 December 2019 £'000	Year ended 31 December 2018 £'000
Interest receivable on bank balances	418	489

## 9. Finance costs

	Year ended 31 December 2019 £'000	Year ended 31 December 2018 £'000
<b>Interest payable in servicing of:</b>		
Working capital facilities and bank overdrafts	(21,421)	(16,557)
Lease liabilities	(9,262)	-
	<b>(30,683)</b>	(16,557)

## 10. Income tax expense

	Year ended 31 December 2019 £'000	Year ended 31 December 2018 £'000
<b>Current tax</b>		
Current tax on income for the year / period	7,959	-
Adjustments in respect of prior period	(3,077)	(753)
	<b>4,882</b>	(753)
<b>Overseas tax</b>		
Current tax on income for the year / period	3,315	3,960
Adjustments in respect of prior period	(2,468)	131
	<b>847</b>	4,091
<b>Total current tax charge</b>	<b>5,729</b>	3,338
<b>Deferred tax</b>		
Origination and reversal of timing differences	(1,410)	(3,540)
Effects of change in tax rates	978	-
Adjustments in respect of previous years	-	(10)
<b>Total deferred tax (credit) / charge</b>	<b>(432)</b>	(3,550)
<b>Total tax (credit) / charge</b>	<b>5,297</b>	(212)

The total tax credit for the year is lower (2018: credit is lower) than the standard rate of corporation tax in the UK of 19.00%. The differences are explained below:

	Year ended 31 December 2019 £'000	Year ended 31 December 2018 £'000
<b>Profit / (loss) before tax</b>	<b>48,417</b>	(24,689)
At tax rate of 19.00% (2018: 19%)	<b>9,199</b>	(4,691)
Effects of:		
Expenses not deductible for tax	<b>530</b>	572
Research and development expenditure credits	<b>40</b>	-
Income not taxable	<b>(40)</b>	(3,957)
Effect of different tax rates	<b>(302)</b>	(171)
Tax on joint arrangement	<b>49</b>	(105)
Movement on unrecognised deferred tax	<b>388</b>	8,772
Adjustments in respect of previous years	<b>(4,567)</b>	(632)
<b>Total tax (credit) / charge</b>	<b>5,297</b>	(212)

Factors that may affect future tax charges:

Changes to the UK corporation tax rates were substantively enacted as part of Finance Bill 2015 (on 26 October 2015). These include reductions to the main rate to reduce the rate to 19% from 1 April 2017. Finance Bill 2016 included provisions to reduce the main rate of corporation tax to 17% from 1 April 2020. However, in the March 2020 Budget it was announced that the cut in the rate to 17% will now not occur and the Corporation Tax Rate will be held at 19%. As this has not been enacted by the balance sheet date, balances as at 31 December 2019 continue to be measured at 17%, the amended tax rate would cause a £891,000 increase in the deferred tax liability. There have been no further changes to the corporation tax main rate in the subsequent Finance Bills including Finance (No.3) Bill 2017-19 which received Royal Assent on 12 February 2019. There are no current or deferred tax items relating to other comprehensive income in these financial statements.

## Notes to the financial statements

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### 11. Dividends

Dividends paid in relation to the Group for the year were £16,940,000 or £95.48 per share (31 December 2018: £26,777,462 or £150.93 per share) which included £592,000 paid to non-controlling interest by group subsidiary Greenergy Fuels Canada Inc. The Directors proposed a final dividend of £15,000,000 or £84.55 per share (31 December 2018: £nil), to be paid after the balance sheet date.

Dividends paid in relation to the company in the year were £16,348,000 or £92.15 per share (31 December 2018: £26,777,462 or £150.93 per share). The Directors propose a final dividend of £15,000,000 or £84.55 per share (31 December 2018: £nil), to be paid after the balance sheet date.

### 12. Property, plant and equipment

Group	Assets under construction £'000	Land and buildings £'000	Plant and machinery £'000	Office equipment £'000	Motor vehicles £'000	Total £'000
<b>Cost</b>						
<b>At 1 January 2018</b>	3,052	7,474	167,139	10,279	4,151	192,095
Additions	4,162	924	18,146	622	2,003	25,857
Disposals	-	-	(548)	-	(187)	(735)
Foreign exchange	(117)	52	(785)	(4)	(3)	(857)
Acquisition of subsidiaries	4,263	-	-	-	-	4,263
Reclassifications	(1,416)	-	1,416	-	-	-
<b>At 31 December 2018</b>	9,944	8,450	185,368	10,897	5,964	220,623
Additions	<b>29,849</b>	<b>135</b>	<b>6,009</b>	<b>891</b>	<b>695</b>	<b>37,579</b>
Acquisition of subsidiaries	<b>11,018</b>	<b>34,311</b>	<b>63,938</b>	<b>5,294</b>	<b>35</b>	<b>108,596</b>
Disposals	<b>(429)</b>	-	<b>(2,742)</b>	<b>(115)</b>	<b>(58)</b>	<b>(3,344)</b>
Amounts transferred to inventories	-	-	<b>(26,907)</b>	-	-	<b>(26,907)</b>
Foreign exchange	<b>24</b>	<b>(863)</b>	<b>(51)</b>	<b>22</b>	<b>10</b>	<b>(858)</b>
Reclassifications	<b>(11,804)</b>	<b>33</b>	<b>11,711</b>	<b>60</b>	-	-
<b>At 31 December 2019</b>	<b>38,602</b>	<b>42,066</b>	<b>231,326</b>	<b>17,049</b>	<b>6,646</b>	<b>335,689</b>

## 12. Property, plant and equipment - continued

	Assets under construction £'000	Land and buildings £'000	Plant and machinery £'000	Office equipment £'000	Motor vehicles £'000	Total £'000
<b>Accumulated depreciation and impairment</b>						
<b>At 1 January 2018</b>	(19)	(414)	(64,430)	(8,271)	(1,415)	(74,549)
Charge for the year	-	(292)	(9,431)	(992)	(599)	(11,314)
Impairment	-	-	-	-	-	-
Disposals	-	-	29	-	125	154
Foreign exchange	-	-	(56)	3	-	(53)
<b>At 31 December 2018</b>	(19)	(706)	(73,888)	(9,260)	(1,889)	(85,762)
Acquisition of subsidiaries - Depreciation	-	<b>(376)</b>	<b>(16,974)</b>	<b>(1,722)</b>	<b>(12)</b>	<b>(19,085)</b>
Acquisition of subsidiaries - Impairment	<b>(3,094)</b>	<b>(322)</b>	<b>(2,403)</b>	<b>(203)</b>	-	<b>6,022</b>
Charge for the year	-	<b>(288)</b>	<b>(11,655)</b>	<b>(871)</b>	<b>(708)</b>	<b>(13,522)</b>
Disposals	-	-	-	<b>19</b>	<b>47</b>	<b>66</b>
Foreign exchange	-	<b>13</b>	<b>23</b>	<b>(33)</b>	<b>(15)</b>	<b>(12)</b>
<b>At 31 December 2019</b>	<b>(3,113)</b>	<b>(1,679)</b>	<b>(104,897)</b>	<b>(12,070)</b>	<b>(2,577)</b>	<b>(124,336)</b>
<b>Net book value at 31 December 2019</b>	<b>35,489</b>	<b>40,387</b>	<b>126,431</b>	<b>4,976</b>	<b>4,069</b>	<b>211,353</b>
Net book value at 31 December 2018	9,925	7,744	111,480	1,637	4,075	134,861

Depreciation expenses of £8,658,000 (31 December 2018: £6,746,000) has been charged to cost of sales, £2,346,000 (31 December 2018: £2,264,000) in distribution costs and £2,518,000 (31 December 2018: £2,304,000) in administration expenses.

The aggregate amount of research and development expenditure recognised as an expense during the period was £2,092,000 (2018: 2,086,000)

Amounts transferred to inventories during the year totalled £26,907,000 (2018: £nil) and related to tank heels that were deemed to meet the definition of IAS 2 Inventories.

## Notes to the financial statements

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## 13. Intangible assets

	Purchased goodwill £'000	Branding rights £'000	Software £'000	Customer relationships £'000	Retail brand £'000	Total £'000
<b>Cost</b>						
<b>At 31 December 2017</b>	<b>23,592</b>	<b>13,980</b>	<b>21,274</b>	<b>20,178</b>	<b>260</b>	<b>79,284</b>
Additions	-	2,858	542	-	-	3,400
Acquisition of subsidiaries	3,544	-	-	-	-	3,544
Disposals	-	(76)	-	-	-	(76)
Foreign exchange	281	9	-	260	-	550
Reclassifications	-	367	(367)	-	-	-
<b>At 31 December 2018</b>	<b>27,417</b>	<b>17,138</b>	<b>21,449</b>	<b>20,438</b>	<b>260</b>	<b>86,702</b>
Additions	952	2,484	558	-	-	3,994
Acquisition of subsidiaries	-	-	55	-	-	55
Disposals	-	-	(52)	-	-	(52)
Foreign exchange	(135)	(50)	-	(379)	-	(564)
Reclassifications	-	-	306	-	-	306
<b>At 31 December 2019</b>	<b>28,234</b>	<b>19,572</b>	<b>22,316</b>	<b>20,059</b>	<b>260</b>	<b>90,441</b>
<b>Accumulated amortisation and impairment</b>						
<b>At 31 December 2017</b>	-	<b>(9,994)</b>	<b>(7,730)</b>	<b>(393)</b>	<b>(4)</b>	<b>(18,121)</b>
Charge for the year	-	(2,666)	(2,132)	(2,520)	(4)	(7,322)
Disposals	-	-	-	-	-	-
Foreign exchange	-	59	-	431	-	490
<b>At 31 December 2018</b>	-	<b>(12,601)</b>	<b>(9,862)</b>	<b>(2,486)</b>	<b>(8)</b>	<b>(24,953)</b>
Charge for the period	-	(2,794)	(2,291)	(2,571)	-	(7,656)
Disposals	-	-	4	-	-	4
Foreign exchange	-	(3)	-	324	-	321
<b>At 31 December 2019</b>	-	<b>(15,398)</b>	<b>(12,149)</b>	<b>(4,729)</b>	<b>(8)</b>	<b>(32,284)</b>
<b>Net book value at 31 December 2019</b>	<b>28,234</b>	<b>4,174</b>	<b>10,167</b>	<b>15,326</b>	<b>252</b>	<b>58,157</b>
Net book value at 31 December 2018	27,417	4,537	11,587	17,952	256	61,749

Goodwill arose on the acquisition of Greenergy Biofuels Teesside Limited during 2015 financial year, the acquisition of Inver and CANOP in 2017, the acquisition of Rexon and Biofuels Amsterdam in 2018 and the acquisition of William C. Hockin (Tankers) Ltd in 2019.

Branding rights relate to the costs associated with the Group being a branded wholesaler within the UK market. The Retail brand relates to the Inver brand on acquisition. Amortisation of £7,656,000 (31 December 2018: £7,322,000) has been charged to administration expenses.

As detailed in the accounting policies goodwill is assessed for impairment annually.

Impairment reviews are performed for all other tangible and intangible assets where there has been an indicator of impairment during the year. These impairment reviews are based on value-in-use calculations for the relevant Cash Generating Units (CGU). These calculations use post-tax cash flow projections based on financial budgets approved by management covering a five-year period. Cash flows beyond the five year period are extrapolated using estimated growth rates.

Key assumptions for impairment reviews conducted in the current period were as follows:

- » Post-tax discount rate of 7.37% (2018: 9.1%).
- » Nominal growth rate of cash flows after five years kept steady to reflect the overall state of the market.

As part of the review process a sensitivity analysis is applied, flexing key assumptions such as growth rates and discount rates. The impairment reviews conducted, including the sensitivity analysis, indicated that there were no impairments of goodwill in the period.

Goodwill acquired in a business combination is allocated, at acquisition, to the cash generating units that are expected to benefit from that business combination.

The Directors consider there to be one CGU being the Greenergy fuel supply operations.

## 14. Investments

Company	31 December 2019 £'000	31 December 2018 £'000
<b>14a. Investment in Group undertakings</b>		
Opening balance	<b>24,243</b>	24,243
<b>At 31 December 2019</b>	<b>24,243</b>	24,243

Interests in subsidiary undertakings are as follows. All interests are 100% unless otherwise stated. All shareholdings are ordinary share capital unless otherwise stated.

All of the below companies operate principally in their country of incorporation or registration. The Directors believe that the carrying value of the investments is supported by their underlying net assets.

The Group had the following subsidiaries with non-controlling interests at 31 December 2019:

	Non-controlling interest
Greenergy Fuels Holdings North America Inc.	20.2%
Greenergy Fuels North America Inc.	20.2%
Greenergy Fuels Canada Inc.	20.2%
Greenergy Flexigrid Limited	25%

During the year, the Group allocated a loss of \$1,149,000 (2018: profit of \$2,030,000) to the non-controlling interest associated with Greenergy Fuels Canada Inc.

## Notes to the financial statements

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## 14. Investments - continued

Name of undertaking	Country of registration	Principal activity	Direct/indirect
Greenergy Asia DMCC	United Arab Emirates	Sourcing of raw materials in the Far East	Indirect
Greenergy Biofuels Amsterdam B.V.	Netherlands	Construction and operation of biofuel production plants and distribution of resultant products	Indirect
Greenergy Bioethanol SA	Switzerland	Procurement of sustainable bioethanol	Indirect
Greenergy Biofuels Limited	England and Wales	Construction and operation of biofuel production plants and distribution of resultant products	Indirect
Greenergy Biofuels Teesside Limited	England and Wales	Construction and operation of biofuel production plants and distribution of resultant products	Indirect
Greenergy Brasil Trading SA	Brazil	Support entity working to procure sustainable bioethanol	Indirect
Greenergy Deutschland GmbH	Germany	Dormant company	Indirect
Greenergy Flexigrid Limited (75%)	England and Wales	Provision of haulage and logistics services	Direct
Greenergy Fuels Australia Pty Ltd	Australia	Holding company	Indirect
Greenergy Fuels Holdings Singapore Private Limited	Singapore	Holding company	Indirect
Greenergy Fuels Canada Inc (80%)	Canada	Blending, supply and marketing of branded low emission fuels	Indirect
Greenergy Fuels Holdings North America Inc	Canada	Holding company	Indirect
Greenergy Fuels Limited	England and Wales	Blending, supply and marketing of branded low emission fuels	Indirect
Greenergy Fuels North America Inc (80%)	Canada	Holding company	Indirect
Greenergy Fuels Private Limited	India	Provision of IT services	Indirect
Greenergy International Limited	England and Wales	Holding company	Direct
Greenergy Infrastructure Holdings Inc.	Canada	Holding company	Indirect
Greenergy Morzine Holding Limited	England and Wales	Holding company	Indirect
Greenergy Netherlands B.V.	Netherlands	Holding company	Indirect
Greenergy Oil U.K. Limited	England and Wales	Holding company	Indirect
Greenergy Services Limited	England and Wales	Service company	Indirect
Greenergy Terminals Limited	England and Wales	Construction and operation of fuel terminals	Indirect
Greenergy USA Inc	United States of America	Procurement and brokerage on behalf of UK and Canada feedstock	Indirect
Inver Energy Limited	Ireland	Blending, supply and marketing of transportation fuels.	Indirect
Inver Energy (UK) Limited	England and Wales	Provision of storage services	Indirect

Name of undertaking	Country of registration	Principal activity	
Morzine Limited	Jersey	Construction and operation of fuel terminals	Indirect
Rexon Energy PTE	Singapore	Sourcing of raw materials in the Far East	Indirect
Wascan Terminals Inc	Canada	Operation of fuel storage terminal	Indirect
William C. Hockin (Tankers) Limited	England and Wales	Provision of haulage and logistics services - liquidated as of reporting date	Indirect
1796640 Ontario Limited	Canada	Supply and marketing of transportation fuels	Indirect

The registered addresses of all related undertakings are included on pages 188-189.

Group	31 December 2019 £'000	31 December 2018 £'000
<b>14b. Investments in associates</b>		
<b>Cost</b>		
At the start of the year / period	<b>324</b>	368
Share of profit	<b>30</b>	80
Impairment	-	(124)
<b>Net fair value at the end of the year / period</b>	<b>354</b>	324

The investments in associates relates to:

- i. 23% investment in Scarab Distributed Energy Limited, a private company set up to investigate alternative methods of biofuel production from food waste. The company is currently in a start-up phase and as such there are no material profits or losses to recognise.
- ii. 49% investment in Anglo China Chemical Company Limited, which is deemed an associate of Greenergy International Limited. The Directors believe that the carrying value of the investments is supported by their underlying net assets.

Investments in associates are measured using the equity accounting method.

Name	Country of registration	Principal activity	Percentage shareholdings
Scarab Distributed Energy Limited	England and Wales	Investigating alternative methods of biofuel production from food waste	23.0
Anglo China Chemical Company Limited	Hong Kong	Procurement of used cooking oil	49.0

## Notes to the financial statements

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## 14. Investments - continued

	31 December 2019 £'000	31 December 2018 £'000
<b>14c. Investments in joint arrangements</b>		
Balance at the start of of year	<b>79,825</b>	93,879
Additions	-	2,012
Disposals <sup>1</sup>	-	-
Transfer from joint venture to subsidiary <sup>2</sup>	<b>(65,665)</b>	-
Foreign exchange translation	<b>(303)</b>	(4)
Share of (loss) / profit	<b>(1,959)</b>	(16,062)
<b>Balance as at the end of the year</b>	<b>11,898</b>	79,825

<sup>1</sup> The investment in North Cave Limited was disposed of in February 2019 for proceeds of £95,800. At the time of disposal, the carrying value of the investment was Nil.

<sup>2</sup> On 20 August 2019 Greenergy International Limited, a direct investment, acquired an additional 33% stake in Morzine Limited, an indirect investment. Following this acquisition, the Greenergy Group of companies now owns 100% of the share capital of Morzine Limited via Greenergy International (66.6%) and Greenergy Morzine Holdings Limited (33.3%).

The following table summarises the consideration paid and the fair value of assets and liabilities acquired. The acquisition during the year was for the remaining 33.3% of the shares in Morzine Limited. The table below presents the fair value of 100% of the net assets in the subsidiary at acquisition.

	£'000
Cash consideration paid	2,000
<b>Fair value of assets and liabilities</b>	
Property, plant and equipment	88,914
Cash	5,148
Trade and other receivables	7,552
Trade and other payables	(33,489)
	<b>68,125</b>

At 31 December 2019, the Group had the following interests in joint arrangements carrying on businesses, which affect consolidated profits and losses. Unless otherwise stated the Group's principal joint arrangements all have share capital consisting solely of ordinary shares, which are indirectly held, and the country of incorporation or registration is also their principal place of operation.

Name	Country of registration	Principal activity	Percentage shareholdings <sup>1</sup>
Greenlife Oil Holdings Pty Ltd	Australia	Procurement of used cooking oil	50.0
Atlantic Fuel Supply Company Limited	Ireland	Operation of fuel storage terminal	50.0
Thames Enterprise Park Limited	England and Wales	Development of land	50.0

<sup>1</sup> Rounded to nearest tenth of one per cent.

The group had no material investments in joint arrangements at 31 December 2019.

## 15. Equity investments classified as fair value through other comprehensive income

	31 December 2019 £'000	31 December 2018 £'000
<b>Equity investments measured at fair value through other comprehensive income:</b>		
Fair value on acquisition	<b>18,751</b>	18,751
Additions	-	-
Revaluation reserve	<b>6,516</b>	6,516
Cumulative impairment provision for permanent diminution in value	<b>(9,973)</b>	(303)
<b>Total revaluation reserve for equity investments classified as fair value through other comprehensive income</b>	<b>(3,457)</b>	6,213
<b>Net fair value</b>	<b>15,294</b>	24,964
<b>Current year movement on impairment for permanent diminution in value</b>	<b>(9,670)</b>	(303)

The investments measured at fair value through other comprehensive income relate to:

- i. a 4.45% investment in RedT Energy Plc,
- ii. a 19.72% investment in Navigator Topco
- iii. and a 15% investment in Bahrain Gasoline Blending W.L.L.

RedT Energy is a company quoted on the London Stock Exchange's Alternative Investment Market. The fair value of the investment in RedT Energy is determined by reference to published price quotations in an active market. Navigator Topco is the holding company for Navigator Terminal assets. Bahrain Gasoline Blending W.L.L is a strategic partnership between Nogaholding, Bahrain Petroleum Company (BAPCO) and Greenergy International Limited.

Upon adoption of IFRS 9 during the year ended 31 December 2018, the Group made an irrevocable election to classify equity investments as fair value through other comprehensive income (FVTOCI) given that all instruments are either:

- Long term investments and are not being held in order to sell in the future to collect cash flows (RedT Energy Plc);
- Held for the purposes of Strategic alliance (Navigator Topco);
- Held for the purposes of Strategic partnership (Bahrain Gasoline Blending W.L.L)

As a result of market conditions and a decrease in the operating output of the ongoing business of Navigator Topco, management have concluded that an impairment provision of £9,670,000 is required in relation to the investment in the Navigator Topco as of 31 December 2019.

## Notes to the financial statements

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## 16. Inventories

	31 December 2019 £'000	31 December 2018 £'000
Fuel products	<b>493,180</b>	375,012
Stocks held at cost	<b>25,958</b>	-
Compliance certificates - own use	<b>256,261</b>	74,322
Compliance certificates - held for trading	<b>1,714</b>	888
	<b>777,113</b>	450,222

During the year £13,194,026,372 of inventory was expensed through cost of sales (31 December 2018: £14,659,243,868).

Inventories with a carrying amount of £769,889,000 were pledged as security for certain of the Group's borrowings (31 December 2018: £192,239,653).

Compliance certificates include fuel sustainability compliance obligations in the UK and Canada. The UK compliance is managed through the RTFO scheme. The Canadian scheme is managed through the Ontario Greener Diesel program.

There is currently no externally quoted market for the valuation of RTFO certificates. In order to value these contracts, management have adopted a pricing methodology, combining both observable inputs based on market data and assumptions developed internally based on observable market activity.

The anticipated market premia above the calculated cost of creation of RTFO certificates is the most significant input. Assuming other inputs remain unchanged, if the premia was decreased by 1ppl, pre-tax profit would decrease by £30,934 (31 December 2018: decrease by £77,000).

GHG and RTFO Certificates held for sale to third parties are recognised at fair value by reference to year-end market prices. Changes in market prices of the certificates and the quantity of tickets considered to be realisable through external sales are recognised immediately in the income statement.

Tank heels are held at cost less accumulated impairment.

## 17. Trade and other receivables

Group	31 December 2019 £'000	31 December 2018 £'000
<b>Current</b>		
Trade receivables	<b>671,455</b>	661,347
Less: Provision for impairment of receivables	<b>(244)</b>	(2,081)
	<b>671,211</b>	659,266
Other current receivables	<b>35,205</b>	24,173
Prepayments	<b>23,380</b>	19,979
Accrued income	<b>116,492</b>	147,001
<b>Total trade and other receivables</b>	<b>846,288</b>	850,419
<b>Non-current</b>		
Other receivables	-	77
Loans receivable from joint ventures	<b>52,580</b>	61,303
Loan receivable from affiliates	<b>25,308</b>	25,308
Amounts owed by Group undertakings	-	2,954
<b>Total non-current trade and other receivables</b>	<b>77,888</b>	89,642

Trade and other receivables with a carrying amount of £673,643,000 (31 December 2018: £605,009,854) were pledged as security for certain of the Group's borrowings.

Trade and other receivables are predominantly non-interest bearing receivables.

Loans to affiliates bear interest at a rate of 7% and are due for repayment in greater than five years.

As of 31 December 2019, trade debtors of the Group with a carrying value of £244,000 (31 December 2018: £2,081,000) were provided for. The amount of the provision was £244,000 (2018: £2,081,000). The aging of these debtors is as follows:

Group	31 December 2019 £'000	31 December 2018 £'000
120+ days	<b>244</b>	2,081

During the year, receivables of the Group written off as uncollectible amounted to £nil (2018: £Nil)

The maximum exposure to credit risk at the reporting date is the fair value of each class of receivable mentioned above. Neither the Group nor the Company hold any collateral as security.

Company	31 December 2019 £'000	31 December 2018 £'000
Amounts owed by group companies	<b>42,724</b>	9,560

Inter-company balances have no formal repayment plan and as such are classified as current. In the instances where interest is charged on intercompany loans, it is charged at a rate of LIBOR plus 2%.

## Notes to the financial statements

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### 17. Trade and other receivables - continued

#### Credit risk

The Group is exposed to credit risk from its operating activities (primarily trade receivables and derivative instruments) and from its financing activities, including deposits with banks and financial institutions, foreign exchange transactions and other financial instruments.

In respect of trade receivables, the Group operates a strict policy of applying credit limits to all new customers prior to entering into a transaction. These limits are then subject to regular review throughout the term of the contractual relationship.

The Group uses third party credit referencing agencies as an input into this process and monitors all trade debtor balances on a daily basis. Exposure to debt default is managed by the use of credit insurance where the cost of acquiring cover is considered commensurate with the risk incurred. The Group does not have significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics. The Group defines counterparties as having similar characteristics if they are related entities. Concentration of credit risk to any counterparty did not exceed 10% of gross monetary assets at any time during the year. The concentration of credit risk is limited due to the fact that the customer base is large and unrelated. Credit risk on liquid funds and derivative financial instruments is limited because the counterparties are banks with high credit ratings, assigned by international credit rating agencies.

The counterparties involved in the Group's other financial instruments such as swaps, futures and fixed price sales and purchase contracts within the scope of IFRS 9 are subjected to the same credit review process. In addition, contractual terms for all such instruments are reviewed in detail to ensure that credit risk is minimised.

The credit risk on liquid funds and derivative financial instruments is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies. The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial assets (refer to **note 23**). The value of trade and other receivables pledged as security against borrowings is disclosed in **note 16**.

The Group recognises a loss allowance for expected credit losses on contract receivables. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument. The expected credit losses on these financial assets are estimated using a provision analysis based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

The Group is exposed to credit risk in relation to financial guarantees given to banks. These are detailed in **note 29**.

### 18. Cash and cash equivalents

Group	31 December 2019 £'000	31 December 2018 £'000
Cash at bank and on hand	<b>47,020</b>	29,870
<b>Cash and cash equivalents</b>	<b>47,020</b>	29,870

## 19. Borrowings

Interest on the bank overdrafts is charged at a commercial margin above LIBOR (United Kingdom) and FED (Non-United Kingdom).

Group	Maturity	31 December 2019 £'000	31 December 2018 £'000
<b>Borrowings - current</b>			
Bank overdrafts: United Kingdom	<b>On demand</b>	<b>679,391</b>	450,640
		<b>679,391</b>	450,640

### Liquidity risk

The Group's treasury department constantly monitors the Group's cash position by maintaining up-to-date cash flow projections so that appropriate action may be taken to ensure financial liabilities are met as they become due. The Directors therefore consider that the exposure to liquidity risk is low.

In managing its working capital requirements, the Group currently relies on a combination of uncommitted revolving facilities, which could be withdrawn at any time, and a committed credit line. The facility is a \$1,100 million asset backed facility. The working capital facility has been secured with a syndicate of high-quality UK and European banks which are highly rated investment grade.

Greenergy formally extended its \$1.1bn borrowing base facility on 10 March 2020. The facility has been renewed until 30 April 2021.

Given the long standing nature of these banking relationships, the bankers' willingness to renew and extend credit lines in the recent past, and verbal assurances received from the bankers, the Directors are satisfied that both the uncommitted and committed facilities will continue to be available to the Group for the foreseeable future.

The table below shows the banking facilities of Group, divided between the total available and the amounts utilised at the period-end.

Group	31 December 2019		31 December 2018	
	Credit facility £'000	Utilised £'000	Credit facility £'000	Utilised £'000
<b>Counterparty</b>				
On 8 November 2018 the facility was renewed with the following limits: Syndicated facility - committed (\$0.63bn, PY \$0.4bn)	<b>475,561</b>	<b>386,626</b>	496,650	443,519
Syndicated facility - uncommitted (\$0.47bn, PY \$0.4bn)	<b>354,784</b>	<b>230,500</b>	370,516	84,357
On 26 August 2016 a trade finance facility was taken out with the following limits:				
Trade facility - uncommitted (\$0.1bn)	<b>75,486</b>	<b>49,443</b>	78,833	7,095
Greenergy Fuels Canada Inc. facility - uncommitted (\$0.06bn)	<b>34,875</b>	<b>12,822</b>	47,111	-

## Notes to the financial statements

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## 20. Provisions for other liabilities and charges

Group	Provision for plant dismantlement £'000	Provision for legal claims £'000	Other provisions £'000	Total £'000
At 1 January 2019	500	1,200	-	1,700
Additional provisions recognised	10	-	560	570
<b>At 31 December 2019</b>	<b>510</b>	<b>1,200</b>	<b>560</b>	<b>2,270</b>

The dismantlement provision represents management's estimate of the costs involved in dismantling the Immingham biofuels plant at the end of its useful life and returning the site to the same state in which it was originally acquired. Management review the provision on an annual basis to ensure that the expected outflow of economic benefits is correctly provided for.

The legal provision relates to a claim in relation to continuing operations incurred in a previous financial period by the Greenergy Group. The timing for the resolution of the claim is uncertain.

## 21. Deferred income tax

Group	31 December 2019 £'000		31 December 2018 £'000			
<b>The elements of the deferred taxation is as follows:</b>						
Accelerated capital allowances	<b>(7,580)</b>		(9,150)			
Intangible assets	<b>(568)</b>		(831)			
Other short-term timing differences	<b>2,632</b>		531			
Losses and other differences	<b>26</b>		4,121			
Intangibles (PPA)	<b>(3,060)</b>		(3,654)			
<b>Net deferred tax liability</b>	<b>(8,550)</b>		(8,983)			
Deferred tax asset	<b>2,284</b>		-			
Deferred tax liability	<b>(10,834)</b>		(8,983)			
<b>Net deferred tax liability</b>	<b>(8,550)</b>		(8,983)			
	Accelerated capital allowances £'000	Other short term timing differences £'000	Intangible assets £'000	Intangibles (PPA) £'000	Tax losses carried forward and other deductions £'000	Total £'000
<b>The movement on deferred taxation is as follows:</b>						
At the beginning of the year	(9,150)	531	(831)	(3,654)	4,121	(8,983)
Adjustments in respect of prior years	1,312	(206)	1	-	(2,085)	(978)
Current year income statement charge	258	2,307	262	594	(2,010)	1,410
<b>At the end of the year</b>	<b>(7,580)</b>	<b>2,632</b>	<b>(568)</b>	<b>(3,060)</b>	<b>26</b>	<b>(8,550)</b>

The Group has unused capital losses of £Nil (2018: £34,000), unused trading losses carried forward of £7,000 (2018: £7,000) and unused non trade loan relationship deficit losses of £97,000 (2018: £123,000) for which no deferred tax asset has been recognised.

The Directors have determined, based on forecasted results for the group, that sufficient future profits will be available to utilise tax losses carried forward.

## 22. Trade and other payables

Group	31 December 2019 £'000	31 December 2018 £'000
<b>Current</b>		
Trade payables	82,264	39,880
Fuel compliance obligations	263,295	72,542
Amounts owed to parent company	19,974	4,842
Corporation tax payable	304	-
Other taxes and social security	458,918	536,941
Other payables	7,949	20,465
Accrued expenses	321,860	407,909
Deferred income	13,880	3,819
<b>Total trade and other payables</b>	<b>1,168,444</b>	<b>1,086,398</b>
<b>Non-current</b>		
Other payables	5,689	13,668
Fuel compliance obligations	-	1,780
<b>Total non-current trade and other payables</b>	<b>5,689</b>	<b>15,448</b>
<b>Total current trade and other payables</b>	<b>1,174,133</b>	<b>1,118,994</b>

The carrying amounts of trade payables and other payables approximate to their fair values. Trade and other payables are predominantly non-interest bearing.

Intercompany balances have no formal repayment plan and as such are classified as current. In the instances where interest is charged on intercompany balances, it is charged at a rate of LIBOR plus 2%.

At 31 December 2018 other payables included £10,154,000 relating to the contingent consideration in relation to the acquisition of the Inver group in the prior year, which was measured using scenario based modelling. As a result in a reduction in the operating output of the acquired business it has been concluded that it is not reasonably probable that further payments will be made under the terms of the contingent consideration arrangements and as such the brought forward provision has been released in the current year.

Company	31 December 2019 £'000	31 December 2018 £'000
Amounts owed to Group undertakings	36,995	4,048
Other payables	525	527
	<b>37,520</b>	<b>4,575</b>

## Notes to the financial statements

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### 22. Trade and other payables - continued

The table below shows the financial liabilities of the Group outstanding at the year-end, on the basis of contractual undiscounted cash flows for liabilities:

	Less than 1 year £'000	Between 1 and 2 years £'000	Between 2 and 5 years £'000
<b>At 31 December 2019</b>			
Borrowings including future interest	679,391	-	-
Trading and net settled derivative	28,165	-	-
Trade and other payables	905,149	1,356	4,333
	<b>1,612,705</b>	<b>1,356</b>	<b>4,333</b>
<b>At 31 December 2018</b>			
Borrowings including future interest	450,640	-	-
Trading and net settled derivative	81,579	-	-
Trade and other payables	471,735	10,819	4,629
	<b>1,003,954</b>	<b>10,819</b>	<b>4,629</b>

## 23. Financial instruments

The accounting policies for financial instruments in **note 1** have been applied to the line items below:

Group	Financial assets at amortised cost £'000	Financial assets at fair value through profit and loss £'000	Financial assets at fair value through other comprehensive income £'000	Total £'000
<b>Assets at 31 December 2019</b>				
Available-for-sale investments (level 1)	-	-	88	88
Available-for-sale investments (level 3)	-	-	15,206	15,206
Derivative financial instruments (level 1)	-	3,137	-	3,137
Derivative financial instruments (level 2)	-	26,003	-	26,003
Receivables	822,912	-	-	822,912
Cash and cash equivalents	47,020	-	-	47,020
	<b>869,932</b>	<b>29,140</b>	<b>15,294</b>	<b>914,366</b>
<b>Company</b>				
<b>Assets at 31 December 2019</b>				
Receivables	42,787	-	-	42,787
	<b>42,787</b>	-	-	<b>42,787</b>
<b>Group</b>				
Group	Financial assets at amortised cost £'000	Financial assets at fair value through profit and loss £'000	Financial assets at fair value through other comprehensive income £'000	Total £'000
<b>Assets at 31 December 2018</b>				
Available-for-sale investments (level 1)	-	-	416	416
Available-for-sale investments (level 3)	-	-	24,548	24,548
Derivative financial instruments (level 1)	-	32,442	-	32,442
Derivative financial instruments (level 2)	-	65,318	-	65,318
Receivables	920,082	-	-	920,082
Cash and cash equivalents	29,870	-	-	29,870
	<b>949,952</b>	<b>97,760</b>	<b>24,964</b>	<b>1,072,676</b>
<b>Company</b>				
<b>Assets at 31 December 2018</b>				
Receivables	9,560	-	-	9,560
	<b>9,560</b>	-	-	<b>9,560</b>

## Notes to the financial statements

- continued

## 23. Financial instruments - continued

Group	Financial liabilities at amortised cost £'000	Financial liabilities at fair value through profit and loss £'000	Total £'000
<b>Liabilities at 31 December 2019</b>			
Payables	-	432,044	432,044
Bank loans and overdrafts	-	679,391	679,391
Derivative financial instruments (level 1)	8,430	-	8,430
Derivative financial instruments (level 2)	19,735	-	19,735
	28,165	1,111,435	1,139,600
<b>Company</b>			
<b>Liabilities at 31 December 2019</b>			
Payables	-	37,489	37,489
	-	37,489	37,489
<b>Group</b>			
<b>Liabilities at 31 December 2018</b>			
Payables	478,729	-	478,729
Bank loans and overdrafts	450,640	-	450,640
Derivative financial instruments (level 1)	-	10,458	10,458
Derivative financial instruments (level 2)	-	71,121	71,121
Contingent consideration payable on acquisition of subsidiary undertakings (level 3)	-	10,154	10,154
	929,369	91,733	1,021,102
<b>Company</b>			
<b>Liabilities at 31 December 2018</b>			
Payables	-	4,574	4,574
	-	4,574	4,574

## **Fair value measurements and valuation processes**

### **Fair value instruments traded in active markets**

The fair value of financial instruments traded in active markets is based on quoted market prices at the balance sheet date. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted market price used for financial instruments held by the Group is the current mid-price. These instruments are included in Level 1. Instruments included in Level 1 comprise AIM equity investments classified as available for sale and exchange-traded commodity derivative financial instruments.

### **Sensitivity of unobservable inputs to fair value**

The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined by using valuation techniques. The valuations of private equity investments, contingent consideration in business combinations and non-derivative financial assets held for trading are particularly sensitive to changes in one or more unobservable inputs which are considered reasonably possible within the next financial year. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. For derivative contracts where publicly available information is not available, fair value estimations are generally determined using models and other valuation methods, the key inputs for which include future prices, volatility, price correlations, counterparty credit risk and market liquidity, as appropriate; for other assets and liabilities, fair value estimations are generally based on the net present value of expected future cash flows. If all significant inputs required to fair value an instrument are observable, the instrument is included in Level 2.

### **Investments in equity instruments**

Equity investments are held at fair value, measured using appropriate valuation techniques such as prices from prior transactions. Equity instruments are valued using observable market data where it is available, and unobservable inputs such as long-term revenue growth rates, taking into account management's experience and knowledge of market conditions of the specific industries. The valuation of these instruments is therefore sensitive to changes in the unobservable inputs used by management. We have deemed these instruments to be Level 3 within the hierarchy above.

### **Other price risks**

The Group is exposed to equity price risks arising from equity investments.

Equity investments in unlisted entities (see **note 15**) are held for strategic rather than trading purposes. The Group does not actively trade these investments.

## Notes to the financial statements

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## 23. Financial instruments - continued

The following table reconciles the movements in the Group's net financial instruments classified in Level 3 of the fair values hierarchy:

	31 December 2019 £'000	31 December 2018 £'000
Opening balance	<b>24,548</b>	24,548
Closing balance	<b>24,548</b>	24,548

The carrying amounts of financial assets are denominated in the following currencies:

	Group 31 December 2019 £'000	Group 31 December 2018 £'000	Company 31 December 2019 £'000	Company 31 December 2018 £'000
Pounds	<b>639,155</b>	927,519	<b>19,393</b>	5,249
US Dollars	<b>144,673</b>	31,085	<b>23,394</b>	4,311
Euros	<b>68,042</b>	58,672	-	-
Swiss Francs	-	177	-	-
Canadian Dollars	<b>51,388</b>	30,753	-	-
UAE Dirhams	-	126	-	-
Brazilian Real	<b>10,156</b>	23,592	-	-
Australian Dollar	<b>728</b>	752	-	-
Other	<b>224</b>	-	-	-
	<b>914,366</b>	1,072,676	<b>42,787</b>	9,560

The carrying amounts of financial liabilities are denominated in the following currencies:

	Group 31 December 2019 £'000	Group 31 December 2018 £'000	Company 31 December 2019 £'000	Company 31 December 2018 £'000
Pounds	<b>473,639</b>	582,667	<b>14,521</b>	526
US Dollars	<b>546,369</b>	356,859	<b>22,968</b>	4,048
Euros	<b>54,167</b>	54,271	-	-
Swiss Francs	-	38	-	-
Canadian Dollars	<b>42,134</b>	24,148	-	-
UAE Dirhams	-	360	-	-
Brazilian Real	<b>22,938</b>	1,528	-	-
Hong Kong Dollar	<b>5</b>	2	-	-
Other	<b>348</b>	5	-	-
	<b>1,139,600</b>	1,019,878	<b>37,489</b>	4,574

## Offsetting financial assets and financial liabilities

The following table sets out the Group's financial assets and financial liabilities that are subject to counterparty offsetting or a master netting agreement. The master netting agreements regulate settlement amounts in the event either party defaults on their obligations:

	Gross amounts of recognised financial assets £'000	Offset in the balance sheet £'000	Net amounts of financial assets presented in the balance sheet £'000	Balances subject to a contractual right of offset £'000	Cash collateral pledged £'000	Net amounts £'000
<b>As at 31 December 2019</b>						
Derivative financial assets	15,044	-	15,044	(15,727)	36,076	35,393
<b>Total</b>	<b>15,044</b>	<b>-</b>	<b>15,044</b>	<b>(15,727)</b>	<b>36,076</b>	<b>35,393</b>
<b>As at 31 December 2018</b>						
Derivative financial assets	55,356	-	55,356	(33,924)	11,676	33,108
<b>Total</b>	<b>55,356</b>	<b>-</b>	<b>55,356</b>	<b>(33,924)</b>	<b>11,676</b>	<b>33,108</b>

	Gross amounts of recognised financial liabilities £'000	Offset in the balance sheet £'000	Net amounts of financial liabilities presented in the balance sheet £'000	Balances subject to a contractual right of offset £'000	Cash collateral pledged £'000	Net amounts £'000
<b>As at 31 December 2019</b>						
Derivative financial liabilities	26,623	-	26,623	(15,678)	(10,944)	-
<b>Total</b>	<b>26,623</b>	<b>-</b>	<b>26,623</b>	<b>(15,678)</b>	<b>(10,944)</b>	<b>-</b>
<b>As at 31 December 2018</b>						
Derivative financial liabilities	44,158	-	44,158	(33,924)	(10,234)	-
<b>Total</b>	<b>44,158</b>	<b>-</b>	<b>44,158</b>	<b>(33,924)</b>	<b>(10,234)</b>	<b>-</b>

Group	31 December 2019		31 December 2018	
	Charge / (credit) to profit & loss account £'000	Fair value asset / (liability) £'000	Charge / (credit) to profit & loss account £'000	Fair value asset / (liability) £'000
Derivative financial instruments	22,777	(11,579)	(16,622)	11,198
Sales and purchase commodity contracts	(8,014)	12,591	(2,748)	4,577
	<b>14,763</b>	<b>1,012</b>	<b>(19,370)</b>	<b>(15,775)</b>
Included in trade and other receivables	-	29,140	-	97,760
Included in trade and other payables	-	(28,165)	-	(91,733)
	<b>-</b>	<b>975</b>	<b>-</b>	<b>6,027</b>

Derivative financial instruments shown above generally relate to exchange traded commodity derivatives and over-the-counter contracts. Sales and purchase commodity contracts relate to open contracts that the Group has entered into.

## Notes to the financial statements

- continued

### 23. Financial instruments - continued

#### Market risk

Market risk can be subdivided into fuel product price risk, foreign exchange risk and interest rate risk, which are addressed separately below.

##### a. Fuel product price risk

Fuel product prices are subject to international supply and demand, which are themselves particularly dependent on political climates throughout the world. The resulting risk of product price fluctuations impacting the Group's future cash flows is therefore high.

The Group has developed comprehensive internal control processes and hedging mechanisms to minimise this inherent risk. The objective of these mechanisms is to match the Group's priced physical positions (generated from spot and term contracts entered into with suppliers and customers) with equal and opposite derivative positions. In order to achieve this, the Group's risk management department analyses the priced position for each product type throughout each day. Traders use this information to identify the most appropriate derivative for hedging purposes.

The main types of hedge transaction which the Group enters into are as follows:

##### i. Exchange-traded commodity derivatives

Typically in the form of futures and options traded on a recognised exchange such as the International Petroleum Exchange or the New York Mercantile Exchange. The fair value of these derivatives changes with movements in the underlying commodity price. The Group is generally obliged to make margin calls to the exchange where the fair value of the instrument is in favour of the exchange. The Group generally closes out any futures contracts prior to crystallisation.

At 31 December 2019, if the closing price for each of the Group's exchange-traded commodity derivatives had been 1 US Dollar per metric tonne lower with all other variables held constant, consolidated pre-tax profit for the period would have been £268,000 lower (31 December 2018: £148,000 lower).

##### ii. Over-the-counter ('OTC') contracts

Typically in the form of commodity swaps, OTC contracts are negotiated between two parties and are not traded on an exchange. Swaps are entered into in respect of specified indices and time periods. The amount payable under such instruments varies directly with the quote of those indices over the specified period. The Group is generally obliged to make margin calls to the counterparty where the fair value of the instrument is in favour of the counterparty.

At 31 December 2019, if the closing price for each of the open OTC contracts had been 1 US Dollar per metric tonne lower with all other variables held constant, consolidated pre-tax profit for the period would have been £76,000 lower (31 December 2018: £29,000 lower).

##### iii. Sales and purchase contract embedded hedges

Typically in the form of fixed price spot and term physical contracts. The fair values of the hedges embedded in fixed price sales and purchase contracts for the delivery of specified quantities of a commodity at a determined future date are calculated by reference to the difference between the market index price of the relevant commodity at the balance sheet date and at the contract pricing date(s).

At 31 December 2019, if the market price indices of the relevant commodities for the total priced physical position had been 1 US Dollar per metric tonne lower with all other variables held constant, consolidated pre-tax profit for the period would have been £344,000 higher (31 December 2018: £179,000 higher).

##### b. Foreign currency exchange risk

The Group purchases fuel products mainly in US Dollars and Euros. Because the international oil markets generally price in US Dollars, and the majority of the Group's UK customers wish to purchase fuel products in Pounds Sterling, there can be a significant foreign currency exchange risk inherent in this aspect of the Group's business. In order to minimise the financial effect of this risk, the Group looks to ensure that at all times, the financial assets denominated in a particular currency match the financial liabilities denominated in the same currency.

The following table illustrates only the Group's sensitivity to the fluctuation of the major currencies on its financial assets and liabilities:

	At 31 December 2019 retained earnings £'000
Sterling / US Dollar - 10% change	<b>(40,170)</b>

	At 31 December 2018 retained earnings £'000
Sterling / US Dollar - 10% change	(426)

Where the Group's stock is denominated in US Dollars and a sale is priced in Pounds Sterling, a net US Dollar financial liability is generated, resulting in a potential foreign exchange exposure. Where purchases and sales are priced in different currencies, the Group's treasury department buys or sells currency to balance the assets and liabilities by currency, thus eliminating this transactional foreign exchange risk.

As a further control, balance sheets for each of the Group's major currencies are prepared on a monthly basis and any surplus assets or liabilities are hedged as appropriate.

There are also highly probable forecast sales denominated in foreign currencies. The risk of changes in the relevant spot exchange rate associated with these highly probable forecast foreign currency transactions is hedged as appropriate using forward contracts.

#### c. Interest rate risk

Interest on the Group's deposits / overdrafts is credited / charged on a daily basis based on LIBOR plus a commercial margin. The Directors consider that there is no material exposure to interest rate risk on the Group's financial instruments at the balance sheet date.

#### Overview of the Group's exposure to credit risk

The Group's policy with respect to credit risk is detailed in **note 17**.

The tables below detail the credit quality of the Group's financial assets, contract assets and financial guarantee contracts, as well as the Group's maximum exposure to credit risk by credit risk rating grades.

	Note	External credit rating	Internal credit rating	12 month or lifetime ECL	Gross carrying amount £'000	Loss allowance £'000	Net carrying amount £'000
<b>As at 31 December 2019</b>							
Loans to Group undertakings	17	N/A	(i)	Lifetime ECL (not credit impaired)	-	-	-
Trade receivables	17	N/A	(i)	Lifetime ECL (simplified approach)	671,455	(244)	671,211
Other receivables	17	N/A	(i)	Lifetime ECL (simplified approach)	177,005	-	177,005
<b>As at 31 December 2018</b>							
Loans to group undertakings	17	N/A	(i)	Lifetime ECL (not credit impaired)	2,954	-	2,954
Trade receivables	17	N/A	(i)	Lifetime ECL (simplified approach)	661,347	(2,081)	659,266
Other receivables	17	N/A	(i)	Lifetime ECL (simplified approach)	257,862	-	257,862

## Notes to the financial statements

- continued

### 23. Financial instruments - continued

For trade receivables, loans to group undertakings and other receivables, the Group has applied the simplified approach in IFRS 9 to measure the loss allowance at lifetime ECL. The Group determines the expected credit losses on these items by using estimates based on historical credit loss experience based on the past due status of the debtors, adjusted as appropriate to reflect current conditions and estimates of future economic conditions. Accordingly, the credit risk profile of these assets is presented based on their past due status in terms of the above estimates.

#### Liquidity risk management - Derivative financial instruments

The Group's policies surrounding non-derivative financial instruments are detailed in **note 20**.

The following table details the Group's liquidity analysis for its derivative financial instruments based on contractual maturities. The table has been drawn up based on the undiscounted net cash inflows and outflows on derivative instruments that settle on a net basis, and the undiscounted gross outflows on those derivatives that require gross settlement. When the amount payable or receivable is not fixed, the amount disclosed has been determined by reference to the projected interest rates as illustrated by the yield curves existing at the reporting date.

	Settled within one year £'000	Settled in greater than one year £'000	Total £'000
<b>At 31 December 2019</b>			
Commodity derivatives	12,370	184	12,554
Futures	(5,303)	9	(5,294)
Swaps	(5,336)	-	(5,336)
Currency forwards	(955)	6	(949)
	776	199	975
<b>At 31 December 2018</b>			
Commodity derivatives	37,894	7	37,901
Futures	10,432	26	10,458
Swaps	32,536	-	32,536
Currency forwards	664	20	684
	81,526	53	81,579

#### Capital risk management

The Group manages its capital to ensure that entities in the Group will be able to continue as going concerns while maximising the return to shareholders through the optimisation of the debt and equity balance. The Group's overall strategy remains unchanged from 2018.

The capital structure of the Group consists of net assets and equity of the Group.

The Group is not subject to any externally imposed capital requirements.

#### Reconciliation of level 3 financial instruments:

	£'000
<b>Contingent consideration payable:</b>	
At 1 January 2019	10,154
Released to the income statement	(10,154)
At 31 December 2019	-

Contingent consideration is held in other payables and arose on the acquisition of subsidiary companies. Contingent consideration totalling £10,154,000 was released to the income statement during the year as a result of management's determination that it was improbable that the financial targets, set within the provisions of the earn-out consideration agreement, would be met.

## 24. Share capital

	31 December 2019 £'000	31 December 2018 £'000
<b>Allotted, called up and fully paid</b>		
121,886 (31 December 2018: 121,886) ordinary shares of £1 each	<b>122</b>	122
55,525 (31 December 2018: 55,525) non-voting ordinary shares of £1 each	<b>55</b>	55
	<b>177</b>	177

Other than the ability to vote at general meetings, the rights of ordinary and non-voting ordinary shareholders are identical.

## 25. Net cash (used in) /generated from operating activities

Note	Group		Company	
	31 December 2019 £'000	31 December 2018 £'000	31 December 2019 £'000	31 December 2018 £'000
Profit / (loss) before tax	<b>48,417</b>	(24,689)	<b>16,661</b>	26,949
Adjustments for:				
Depreciation of property, plant and equipment	12	<b>13,522</b>	11,314	-
Depreciation of right-of-use assets	29	<b>44,104</b>	-	-
Loss on disposal of property, plant and equipment	5	<b>3,278</b>	7	-
Dividend income from equity investments	7	<b>(1,845)</b>	(1,824)	-
Dividend income from subsidiaries	11	-	-	<b>(31,348)</b>
Amortisation of intangibles	13	<b>7,656</b>	7,322	-
Revaluation of financial instruments	23	<b>15,206</b>	(12,586)	-
Share of results in joint venture	13	<b>1,959</b>	(215)	(525)
Income taxes paid		<b>(9,734)</b>	(739)	-
Net finance costs	8, 9	<b>30,266</b>	16,068	-
Foreign exchange		<b>1,636</b>	-	-
Repayment of lease liabilities - interest		<b>(9,262)</b>	-	-
Gain on bargain purchase		<b>(460)</b>	-	-
(Increase)/decrease in inventory	16	<b>(118,045)</b>	116,453	-
Decrease in receivables	17	<b>27,407</b>	4,457	-
(Decrease)/increase in payables	24	<b>(158,860)</b>	(50,533)	<b>14,687</b>
<b>Net cash generated by / (used in) operating activities</b>		<b>(104,755)</b>	65,035	-

The Group's liabilities arising from financing activities for the year ended 31 December 2019 were £679,391,000 (2018: £429,481,000), with both cash and non-cash changes totalling £249,910,000. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Group's consolidated cash flow statement as cash flows from financing activities.

There were no changes in financing cash flows from losing subsidiaries or other businesses or changes in the fair value of the liabilities.

## Notes to the financial statements

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### 26. Financial commitments

#### Capital commitments

Capital expenditure contracted for at the end of the reporting period but not yet incurred is as follows:

	31 December 2019 £'000	31 December 2018 £'000
Property, plant and equipment	4,140	7,289
Intangible assets	16,705	2,209
<b>Total</b>	<b>20,845</b>	<b>9,498</b>

### 27. Right-of-use assets

	Land and buildings £'000	Plant and machinery £'000	Motor vehicles £'000	Total £'000
<b>Right-of-use assets</b>				
<b>Cost</b>				
At 1 January 2019	19,075	343,633	3,354	366,062
Additions	712	9,518	2,730	12,960
Disposals	-	(4,712)	-	(4,712)
Foreign exchange	24	421	8	453
At 31 December 2019	<b>19,811</b>	<b>348,860</b>	<b>6,092</b>	<b>374,763</b>
<b>Accumulated depreciation</b>				
At 1 January 2019	-	-	-	-
Charge for the year	2,055	40,277	1,772	44,104
Disposals	-	(180)	-	(180)
At 31 December 2019	2,055	40,097	1,772	43,924
<b>Carrying amount at 31 December 2019</b>	<b>17,756</b>	<b>308,763</b>	<b>4,320</b>	<b>330,839</b>

The Group leases several assets including buildings, plant and IT equipment. The average lease term is 8 years.

The Group has options to purchase certain manufacturing equipment for a nominal amount at the end of the lease term. The Group's obligations are secured by the lessors' title to the leased assets for such leases.

The maturity analysis of lease liabilities is presented in **note 28**.

	31 December 2019 £'000
<b>Amounts recognised in profit and loss</b>	
Depreciation expense on right-of-use assets	44,104
Interest expense on lease liabilities	9,262
Expense relating to short-term leases	1,507
Income from sub-leasing right-of-use assets	19

At 31 December 2019, the Group is committed to £214,000 for short-term leases.

Total cash outflows for leases were £45.1m.

## 28. Lease liabilities

	31 December 2019 £'000
<b>Maturity analysis</b>	
Year 1	<b>33,700</b>
Year 2	<b>31,465</b>
Year 3	<b>30,742</b>
Year 4	<b>29,657</b>
Year 5	<b>27,570</b>
Onwards	<b>187,434</b>
	<b>340,568</b>
Current	<b>33,700</b>
Non-current	<b>306,868</b>
	<b>340,568</b>

The Group does not face a significant liquidity risk with regard to its lease liabilities. Lease liabilities are monitored within the Group's treasury function.

## 29. Guarantees

Greenery Fuels Limited, Greenery Fuels Canada Inc and Greenery Oil UK Limited have given fixed and floating charges over all the assets of the respective Group Companies in favour of their principal bankers to secure the liabilities to such bankers.

Group	31 December 2019 £'000	31 December 2018 £'000
<b>The aggregate secured liabilities comprise:</b>		
Bank loans and overdrafts	<b>679,391</b>	450,640

A subsidiary company, Greenery Fuels Limited has also provided unsecured guarantees to the Dutch Collector of Taxes amounting to £169,470 (31 December 2017: £449,000). The Company enters into financial guarantee contracts to guarantee the indebtedness of other companies within its Group. In this respect, the Company treats the guarantee contract as a contingent liability.

## Notes to the financial statements

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## 30. Related party transactions

## Company

During the year the Company received dividends from subsidiaries of £31,940,000 (31 December 2018: £26,777,000). the year-end date there were £27,725,000 (31 December 2018: £9,560,000) balances due from Group undertakings and £36,965,000 (31 December 2018: £4,048,000) due to Group undertakings.

## Group

The following transactions were carried out with related parties

	31 December 2019 £'000	31 December 2018 £'000
<b>a. Expense</b>		
Morzine Limited – purchase of services (relating to period prior to company becoming a subsidiary – see note 34)	(3,525)	(4,829)
PD Ports – purchase of services	(2,659)	(1,355)
Brookfield Asset Management Technology Services Group	(33)	(246)
Brookfield Global Business Advisor	(138)	–

	31 December 2019 £'000	31 December 2018 £'000
<b>b. Income</b>		
Navigator Terminals - interest	1,845	1,824

	31 December 2019 £'000	31 December 2018 £'000
<b>c. Loans to related parties</b>		
Brookfield Capital Partners (UK) Technologies Limited	–	1,757
Morzine Limited (fully consolidated at 31 December 2019)	–	12,544
Navigator Terminals	25,308	25,308
Greenlife Oil Holdings Pty Ltd	1,100	718

	31 December 2019 £'000	31 December 2018 £'000
<b>d. Receivables from related parties</b>		
Thames Enterprise Park Limited	61,380	61,380

	31 December 2019 £'000	31 December 2018 £'000
<b>e. Transactions with joint ventures</b>		
Morzine Limited – consideration for acquisition of investment	–	(46,380)
Marcol – sale of land at Thames Enterprise Park	–	61,380

There were no guarantees associated with these transactions and no amounts were provided for at the balance sheet date.

### 31. Key management personnel compensation

Key management is composed of the Directors. The compensation paid or payable to key management of the Group for employee services is shown below in aggregate for each of the categories specified in IAS 24:

	31 December 2019 £'000	31 December 2018 £'000
Short-term employee benefits	6,317	4,002
Post employment benefits	202	94
	6,519	4,096
<b>Highest paid Director</b>		
Short-term employee benefits	1,662	1,327
Post-employment benefits	45	35
	1,707	1,362

During the year, 1 Director was part of a money purchase scheme (2018: 1)

### 32. Ultimate parent undertaking and controlling party

The immediate parent undertaking is Greenergy Group Holdings V Limited, a company incorporated in the UK. The ultimate parent undertaking and controlling party is Brookfield Asset Management Inc, a company incorporated in Canada.

Brookfield Asset Management Inc., is the parent undertaking of the largest group of undertakings to consolidate these financial statements at 31 Decembers 2018. The consolidated financial statements of Brookfield Asset Management Inc. can be obtained from Suite 300, Brookfield Place, 181 Bay Street, Toronto, Ontario, Canada, M5J 2T3.

Greenergy Fuels Holdings Limited is the parent undertakings of the smallest group of undertakings to consolidate these financial statements at 31 December 2019.

## Notes to the financial statements

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### 33. Business combinations

#### Morzine

On 20 August 2019, the group acquired the remaining 33% stake in Morzine Limited in order to maximise the benefits and value associated with the site in line with the Greenergy business plan. Following this acquisition, the Greenergy group of companies now owns 100% of the share capital of Morzine Limited via Greenergy International (66.6%) and Greenergy Morzine Holdings Limited (33.3%). The acquisition was treated as a business combination achieved in stages in line with the provisions of IFRS 3 Business Combinations.

The following table summarises the cash consideration paid, the fair value of the previously held equity interest, the fair value of assets and liabilities acquired and the resulting goodwill.

	£'000
Cash consideration transferred	2,000
Fair value of previously held equity interest	65,665
<hr/>	
	Fair value of assets and liabilities £'000
Property, plant and equipment	82,892
Cash	5,148
Trade and other receivables	13,574
Trade and other payables	(33,489)
	68,125
<b>Gain on bargain purchase</b>	<b>460</b>

#### Revenue and profit contribution

The following amounts have contributed to the Group result from Morzine Limited since the acquisition date:

	£'000
Revenue	416
Loss after taxation	(1,306)

The following are the year to date results as if Morzine Limited had been acquired on 1 January 2019:

	£'000
Revenue	676
Loss after taxation	(3,528)

These amounts have been calculated using the subsidiary's results and adjusting them for:

- » differences in the accounting policies between the Group and the subsidiary, and
- » the additional depreciation and amortisation that would have been charged assuming the fair value adjustments to property, plant and equipment and intangible assets had applied from 1 January 2019, together with the consequential tax effects.

#### Acquired receivables

The fair value of acquired trade receivables is £7,552,000. The gross contractual amount for trade receivables due is £7,552,000, with a loss allowance of £Nil recognised on acquisition.

#### Purchase consideration – cash outflow

	£'000
Outflow of cash to acquire subsidiary, net of cash acquired:	
Cash consideration	<b>(2,000)</b>
Less: Balances acquired	
Cash	<b>5,148</b>
Net inflow of cash – investing activities <small>invest</small>	<b>3,148</b>

#### William C. Hockin (Tankers) Limited (liquidated on 24 March 2020)

On 14 May 2019, the group acquired 100% of the ordinary share capital in William C. Hockin (Tankers) Limited in order to bolster the capabilities of the long distances operations of the group.

The following table summarises the cash consideration paid, the fair value of assets and liabilities acquired and the resulting goodwill. The deferred consideration of £900,000 does not contain any contingent consideration.

	£'000
Cash consideration transferred	<b>841</b>
Deferred Consideration	<b>900</b>
<small>invest</small>	<b>1,741</b>

	Fair value of assets and liabilities £'000
Property, plant and equipment	<b>598</b>
Cash	<b>109</b>
Trade and other receivables	<b>285</b>
Trade and other payables	<b>(203)</b>
	<b>789</b>
<b>Goodwill arising on acquisition of subsidiary</b>	<b>952</b>

Goodwill arising on acquisition is made up of expected synergies from combining the operations of the group and the acquiree.

## Notes to the financial statements

- continued

### 33. Business combinations - continued

#### Revenue and profit contribution

The following amounts have contributed to the Group result from William C. Hockin (Tankers) Limited since the acquisition date:

	£'000
Revenue	-
Profit after taxation	-

The following are the year to date results as if William C. Hockin (Tankers) Limited had been acquired on 1 January 2019:

	£'000
Revenue	1,397
Profit after taxation	67

These amounts have been calculated using the subsidiary's results and adjusting them for:

- » differences in the accounting policies between the group and the subsidiary, and
- » the additional depreciation and amortisation that would have been charged assuming the fair value adjustments to property, plant and equipment and intangible assets had applied from 1 January 2019, together with the consequential tax effects.

#### Acquired receivables

The fair value of acquired trade receivables is £7,552,000. The gross contractual amount for trade receivables due is £7,552,000, with a loss allowance of £Nil recognised on acquisition.

#### Purchase consideration - cash outflow

	£'000
Outflow of cash to acquire subsidiary, net of cash acquired:	
Cash consideration	(841)
Less: Balances acquired	-
Cash	109
Net outflow of cash - investing activities <small>invest</small>	732

The Goodwill arising from the acquisition of William C. Hockin (Tankers) Limited relates to synergies resulting from the guarantee of supply between the entities post acquisition, in addition to internalised margins which were achieved as a result of the Greenergy group being the main customer of William C. Hockin (Tankers) Limited prior to the acquisition date.

The Gain on Bargain Purchase recorded upon acquisition of Morzine Limited was a result of the fact that the seller did not place significant value in land, held by Morzine Limited, given that it was not useful within their core business. Gains on bargain purchase are recognised in administrative expenses within the statement of comprehensive income.

### 34. Adjusted EBITDA

Group	31 December 2019 £'000	31 December 2018 £'000
<b>Reported Profit/(Loss) before taxation</b>	<b>48,417</b>	(24,689)
<i>Adjustments to reported measures:</i>		
Thames jetty damage	-	9,119
Rhine water crisis	-	14,145
Unplanned legislative changes	-	20,275
One-off legal costs / (settlements)	<b>742</b>	-
Non-cash acquisition provisions released	<b>(9,969)</b>	-
Net finance costs	<b>30,683</b>	16,068
Proportionate adjustment for associates and joint ventures: net finance and income tax expense	<b>406</b>	-
<b>Adjusted EBIT</b>	<b>70,279</b>	34,918
Depreciation & amortisation	<b>20,948</b>	18,636
Depreciation on right-of-use assets	<b>44,105</b>	-
Proportionate adjustment for associates and joint ventures: depreciation	<b>2,251</b>	-
<b>Adjusted EBITDA</b>	<b>137,583</b>	53,554

Adjusted EBITDA is a term that is not defined under UK generally accepted accounting principles (GAAP), but is a measure used by management to evaluate the performance of Greenergy and its businesses units. This measure may also be used by investors and financial institutions to assess Greenergy's ability to service debt.

Adjusted EBITDA represents earnings before interest, taxes, depreciation, amortisation, exceptional items from operations and management adjustments for significant events that impacted on the business during the period. These significant events have been outlined further below. Adjusted EBITDA is reconciled to net earnings/(losses) before income taxes.

The intent of using Non-GAAP financial measures is to provide additional useful information to Greenergy's key stakeholders. These measures include management judgements and should not be considered in isolation or used as a substitute for measures of performance prepared in according with IFRS.

#### 34a. One-off legal costs / (settlements)

During the year the business incurred significant one-off professional, legal and other costs in relation to an ongoing investigation by the Serious Fraud Office (SFO) into aspects of the Group's biodiesel trading. Whilst the wider investigation remains ongoing, the SFO has informed Greenergy that the company and its' employees were no longer suspects. The costs associated with defending the company and its' employees are considered one-off and non-recurring.

The Group sold its rights relating to an ongoing legal claim in Brazil for alleged unlawful legislation changes. The Group received £2,877,000 in exchange for the right to receive any compensation in future upon settlement of the claim with the authorities. No receivable had previously been recorded in relation to the claim due to its anticipated longevity.

#### 34b. Non-cash acquisition provisions released

A provision for contingent consideration in relation to the previous acquisition was released in full during the year. Management consider it unlikely the deferred consideration will be payable, based on the results of the entity acquired.



## Officers and professional advisors

### Directors

P T Bateson

C J Brookhouse  
(resigned 9 April 2019)

T G Earley

C F Flach  
(appointed 28 December 2019)

C S Lombard

C P O'Callaghan

A W Owens  
(resigned 28 December 2019)

A J Traeger

R J Day  
(Non-Executive Director)  
(resigned 9 April 2019)

R N Rank  
(Non-Executive Director)  
(resigned 1 March 2019)

### Company secretary

R W Clifton

### Independent auditor

Deloitte LLP  
Statutory Auditors

### Solicitors

Macfarlanes LLP  
20 Cursitor Street  
London EC4A 1LT

### Bankers

Lloyds Bank plc  
25 Gresham Street  
London EC2V 7HN

ING Bank N.V.  
Bijlmerplein 888  
1102 MG Amsterdam  
Netherlands

## Registered offices

### **Greenergy Fuels Holdings Limited**

198 High Holborn,  
London WC1V 7BD, UK

Registration number 07318726  
England and Wales

### **Greenergy International Limited**

198 High Holborn,  
London WC1V 7BD, UK

### **Anglo China Chemical Co. Limited**

RM18L, 27/F,  
Ho King Comm CTR, 2-16  
Fayuen ST,  
Mongkok Kowloon, Hong Kong

### **Central Canada Fuels and Lubricants Inc.**

910 Commerce Street,  
Thunder Bay, Ontario,  
P7E 6E9, Canada

### **Greenergy Asia DMCC**

R101-01, Suite 101, Floor No 1,  
Serviced Offices JLT, Reef Tower,  
Jumeirah Lake Towers,  
Dubai UAE

### **Greenergy Bioethanol SA**

Hinterbergstrasse 24,  
6312 Steinhausen, Zug, Switzerland

### **Greenergy Biofuels Amsterdam B.V.**

Heining 110, 1047AH Amsterdam,  
Netherlands

### **Greenergy Biofuels Limited**

198 High Holborn,  
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### **Greenergy Biofuels Teesside Limited**

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London WC1V 7BD, UK

### **Greenergy Brasil Trading SA**

Rua Gomes de Carvalho, 1069,  
cj 181 and 182, Advance Tower,  
Vila Olimpia, São Paulo – SP,  
Brazil 04547-004

### **Greenergy Deutschland GmbH**

Austraße 6, 73230 Kirchheim unter Teck,  
Germany

### **Greenergy Flexigrad Limited**

198 High Holborn,  
London WC1V 7BD, UK

### **Greenergy Fuels Australia Pty Ltd**

First Floor, 118 Atkinson Street,  
Oakleigh, VIC, 3166, Australia

### **Greenergy Fuels Canada Inc**

107 Germain Street, Suite 300,  
Saint John, NB, E2L 2E9, Canada

### **Greenergy Fuels Holdings North America Inc**

1 Germain Street Suite 1500,  
Saint John, E2L 4V1, Canada

### **Greenergy Fuels Holdings Singapore Private Limited**

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### **Greenergy Fuels North America Inc**

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### **Greenergy Fuels Private Limited**

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Maradu Junction, Kochi, Kerala,  
India, 682304

**Greenergy Infrastructure Holdings Inc**  
100 King St West, Suite 1600,  
1 First Canadian Place,  
Toronto, Ontario, M5X 1G5, Canada

**Greenergy Middle East FZE**  
(incorporated 22 March 2018)  
P1-elob office no. E-08F-39,  
Hamriyah Free Zone, Sharjah, UAE

**Greenergy Morzine Holding Limited**  
198 High Holborn,  
London WC1V 7BD, UK

**Greenergy Netherlands BV**  
Prins Bernhardplein 200, 1097  
JB Amsterdam, Netherlands

**Greenergy Oil U.K. Limited**  
198 High Holborn,  
London WC1V 7BD, UK

**Greenergy Services Limited**  
198 High Holborn,  
London WC1V 7BD, UK

**Greenergy Terminals Limited**  
198 High Holborn,  
London WC1V 7BD, UK

**Greenergy USA Inc**  
1209 Orange Street, Wilmington,  
New Castle, 19801, Delaware, USA

**Inver Energy Limited**  
River House, Blackpool,  
Cork, Ireland

**Inver Energy (UK) Limited**  
Queen Alexandra House,  
Cardiff CF10 4LY, UK

**Morzine Limited**  
Ogier House, The Esplanade,  
St Helier, Jersey

**Rexon Energy PTE Limited**  
46 Kim Yam Road  
#04-06 The Herencia  
Singapore 239351

**Scarab Distributed Energy Limited**  
198 High Holborn,  
London WC1V 7BD, UK

**Thames Enterprise Park Limited**  
10 Upper Berkeley Street  
London, W1H 7PE, UK

**Northland Biodiesel Marketing Inc**  
920 Commerce Street,  
Thunder Bay, Ontario,  
P7E 6E9, Canada

**Wascan Terminals Inc**  
920 Commerce Street,  
Thunder Bay, Ontario,  
P7E 6E9, Canada

**William C. Hockin (Tankers) Limited**  
198 High Holborn,  
London, WC1V 7BD, UK

**1796640 Ontario Limited**  
1130 Commerce Street,  
Thunder Bay, Ontario,  
P7E 6E8, Canada