ANNUAL REPORT AND ACCOUNTS

2019

Company Number: 03676824

Making Plastic Smarter

Symphony environmental

25 YEARS

Index to the Annual Report and Accounts

Financial highlights:

- Group revenues £8.23 million (2018: £8.80 million)
- Gross profit £3.78 million (2018: £4.13 million)
- Reported loss before tax £0.70 million (2018: profit £0.04 million)
- Basic loss per share 0.41p (2018: earnings per share 0.03p)
- Cash used in operations £0.73 million (2018: £1.01 million)
- Net current assets £2.85 million (2018: £1.71 million)

Business highlights:

- Subscription completed for new shares raising £1.9 million (net)
- Grupo Bimbo, the world's largest bakery, announces expansion of its biodegradable packaging programme, and new packaging showing Symphony's d2w brand
- New and first significant order for d2w agricultural grade
- Major launch of d2p "Protector" products in Bahrain
- Awarded London Stock Exchange Green Economy Classification & Mark

Post year-end

- Q1 2020 revenues increase by 53% to £2.45 million (Q1 2019: £1.60 million)
- FDA approves Symphony's antibacterial packaging for bread; commercial trials ongoing
- New European orders in May for d2p antimicrobial gloves exceeding £0.5 million
- Increasing activity for other d2p additives and products
- Single use plastic bans outside the EU being postponed or overturned due to concern for people's safety and hygiene taking priority
- The Group has not been materially affected by COVID-19 and accordingly has not needed to utilise any of the Government COVID-19 support packages

Chairman's Statement

We are at a time of unprecedented change. The current COVID-19 pandemic is likely to permanently alter human outlook and consumption trends, further establishing the environmental, social and governance ("ESG") concerns of key stakeholders of the vast majority of organisations.

Symphony's proposition gathered further ESG momentum during 2019 by increasing key sales and public relations resources, as well as further gaining international recognition by customers, governments and other bodies, with the award of new contracts, approved supplier accreditations and a Green Economy Classification and Mark. These achievements were accompanied by a small reduction in revenues during 2019, but that year in isolation does not capture the momentum of the Group, as demonstrated by a 53% increase in revenues during the first quarter of 2020 to £2.45m versus £1.60m for the same period last year.

Symphony is at the forefront of the plastics debate in key territories around the World and has established specialist teams to interact with governments, NGO's, and corporates. Our legislative activities are mainly country-specific, and we have substantially invested in regional advisory and lobbying professionals primarily in the Middle East and Latin America, which are considering legislative changes towards biodegradable and compostable products, thereby providing significant opportunities for our range of d2w and d2c products.

In 2019, the world's largest bakery company, Grupo Bimbo, publicly announced of its d2w biodegradable packaging programme (originally launched in 2008), and for the first time their packaging showed our d2w registered trademark. Their d2w biodegradable packaging expansion process is ongoing.

In 2019, the three-stage regulation for making plastic packaging in Saudi Arabia oxo-biodegradable continued to be enforced, but with phases two and three for additional products having been delayed from the original published timetable, with no date yet been made public. The first stage, which is significant in itself, and includes carrier bags and refuse sacks, is ongoing, and since the start of 2020 some products have been brought forward from later stages to this first stage. In addition, enforcement activity has recently increased to ensure better compliance with stage one.

Significantly, since the year end, the Company announced in February that it had received USA FDA approval for its antibacterial additive for plastic bread packaging. Several customer trials and evaluations which were prohibited before FDA approval have commenced following earlier successful small-scale studies.

With public health and hygiene being an urgent issue, we are seeing an increase in activity in our d2p antimicrobial technologies and products. During May 2020, we received new orders for d2p treated gloves totalling more than £500,000. As previously announced, we have commissioned antiviral tests, which include some members of the coronavirus family of viruses, and we expect results by the end of June. We have not yet identified a laboratory willing and able to test for COVID-19 itself, and we continue to search.

The COVID-19 pandemic has so far had little negative impact on the operations of the Group, and staff have adapted well to working at home. We have seen minor cashflow and order delays in some territories, but at present our main markets are generally stable as our technology is mainly used in food packaging. In terms of price, availability, hygiene and effectiveness, it is our view that plastics are currently the ideal product for the protection of people (through PPE) and the packaging of food and goods. d2w improves flexible plastics making them biodegradable and reducing their negative impact on the environment, and our d2p range enhances plastics and rubber by including long-lasting antimicrobial benefits.

Despite current global uncertainties, we are confident that our technologies are well placed to benefit key concerns over hygiene and the environment. Many countries around the world are starting to ease their lockdowns, but we continue to make decisions which aim to keep the Group in the best financial position possible should there be any significant negative effects on revenue or cashflow. Our staff are working effectively during these times, and we have not needed to utilise any Government COVID-19 support packages.

I would therefore like to thank the Board and our staff for all their resilience and extremely hard and dedicated work to keep Symphony in its strong position during these challenging times. Further thanks also to our distributor network for all their hard work and despite these uncertain times the Board remains optimistic for the future.

N Clavel
Interim Chairman

22 May 2020

Company Information

Company registration number	03676824
Registered office	6 Elstree Gate Elstree Way Borehamwood Hertfordshire WD6 1JD
Directors	Michael Laurier – Chief Executive Officer Ian Bristow FCCA – Chief Financial Officer Michael Stephen, LL.M – Commercial Director & Deputy Chairman Nicolas Clavel – Non-Executive Director & Interim Chairman Shaun Robinson – Non-Executive Director Robert (Bob) Wigley – Non-Executive Director
Secretary	Ian Bristow
Nominated Adviser and Broker	Cantor Fitzgerald Europe One Churchill Place Canary Wharf London EC14 5RB
Bankers	HSBC Bank Plc 103 Station Road Edgware Middlesex HA8 7JJ
Solicitors	Eversheds Sutherland 1 Wood Street London EC2V 7WS
Auditor	Mazars LLP Chartered Accountants and Statutory Auditor Tower Bridge House St Katharine's Way London E1W 1DD
Registrars	Link Asset Services The Registry 34 Beckenham Road Beckenham Kent BR3 4T

Chief Executive's Review

Introduction

The Group continues at this pivotal period to see a strengthening of its underlying business and key drivers. For our d2p range of technologies, most of our earlier R&D developments are now complete and the commercial sales process for many different applications is ongoing in areas such as healthcare products, antimicrobial gloves, and additives for use in drinking and irrigation waterpipes. In addition, we have continued to progress our many different d2p formulations for flame retardant plastics, together with odour and ethylene adsorber masterbatches. For d2w, the legislative position in some markets is showing progress - such as in the Middle East and Latin America.

Legislative actions around the world to ban or restrict the use of single use plastics, described in the press and in our earlier announcements, created a positive opportunity for our global representatives to engage at government level and in the media, so as to be part of the debate. These activities continued throughout 2019 and are ongoing. COVID-19 has strengthened the global requirement for single use plastic which is ideal for our d2w technology. Multiple-use plastics are more problematic for hosting and accumulating harmful microbes and there is an opportunity for our d2p antimicrobial technology.

Grupo Bimbo's public d2w event on 20 August 2019 was significant as they expand their programme of adopting more environmentally friendly packaging and for the first time using our d2w logo on their products.

During 2019, we continued to develop our d2w technology into many new applications such as footwear, non-woven polypropylene for use in PPE type products, and also for agricultural products, which saw new commercial sales.

Our strategy continues to be to invest into the legislative drivers for d2w type biodegradable technologies together with further commercialising our developed d2p technologies within the Group's existing operational framework.

Trading results

Group revenues decreased by 6.5% to £8.23 million from £8.80 million in 2018. Gross profit margins decreased slightly to 45.9% (2018: 46.9%). As a result, the contribution from gross profit decreased to £3.78 million from £4.13 million in 2018.

As announced on 17 December 2019, revenues for the full year were affected by inventory adjustments by some of our customers waiting for legislative clarification in certain markets. These factors persisted during the year, as both business drivers, legislation and enforcement activities regarding the manufacture of plastics, remained in a fluid period of change.

Costs increased by 5.8% to £4.08 million (2018: £3.85 million) due to increased selling resource together with advisory costs associated with legislative and regulatory situations as described earlier. Staff costs also increased during the period in the marketing and technical departments. The Group expensed R&D costs of £0.63 million in 2019 (2018: £0.66 million). An R&D tax credit of £37,000 (2018: £10,000) was confirmed receivable as at the year-end relating to previous periods. A further R&D tax credit will be receivable with respect to 2019.

The Group adopted IFRS 16 during 2019 which requires lessees to account for leases 'on-balance sheet' by recognising a right-of-use asset together with its respective lease liability. The value of the recognised 'right-of-use asset' as at 1 January 2019 was £0.76 million which related primarily to the Group's head office. This new policy resulted in additional non-cash charges of £37,000 made to the income statement for the year from depreciation on the right-of-use asset and interest expense on lease liabilities.

Adjusted EBITDA before R&D and the additional communication and marketing costs is calculated as follows:

	2019 £'000	2018 £'000
Operating (loss)/profit	**(622)**	64
Add: Depreciation (non right-of-use)	**76**	81
Amortisation	**17**	16
R&D expenditure	**627**	664
Increased marketing, communication and other brand protection costs	**331**	357
Adjusted EBITDA	**429**	1,182

Reported operating loss was £0.62 million (2018: profit £0.06 million) and loss after tax of £0.66 million (2018: profit £0.05 million) with basic loss per share of 0.41 pence (2018: earnings per share 0.03 pence).

The Group's primary selling currency is the US Dollar and therefore a strong dollar against sterling, our reporting currency, is beneficial for the Group. The Group self-hedges by purchasing goods where possible in US Dollars and utilises bank forward currency contract agreements to minimise exchange risk. As at 31 December 2019, the Group had a net balance of US Dollar assets (US Dollar cash balances and receivables less overdrafts and payables) totalling $1.90 million (2018: $1.10 million). To mitigate this the Group had bank forward currency contracts to sell 1.25 million US Dollars and receive a fixed amount of sterling as at 31 December 2019 (31 December 2018: nil US Dollars). The Group is experiencing higher volatility in Sterling/US Dollar exchange rate as a result of the uncertainties currently surrounding Brexit.

Balance sheet and cash flow

The Group had net cash of £0.88 million at 31 December 2019 (2018: net debt of £0.08 million). The Group used cash of £0.73 million from operations (2018: cash used of £1.01 million) primarily as a result of the operating loss for the period.

During the year the Group raised net £1.9 million by way of a share subscription. The Group also has a £1.5 million invoice finance facility with HSBC Bank which was not drawn down as at 31 December 2019 (2018: £0.45 million).

As a result of the share subscription, net current assets increased to £2.85 million at 31 December 2019 (2018: £1.71 million).

Brexit

The Board has considered the possible effects of Brexit on the business, and at the current time believe that Brexit will not have a material impact on the operations, financial performance or future prospects of the Group. The principal reasons for this are the Group's global operations, and the fact that 88.7% of the Group's revenues were generated outside the EU mainland in 2019 (2018: 85.4%). However, the Board continues to monitor the Group's operations in the UK and Europe in light of potential challenges arising from Brexit and the current political and economic uncertainties.

COVID-19

COVID-19 is causing general uncertainty which may affect several markets in which Symphony operates. These may have a disruptive impact on operations (customer or supplier disruption) or may negatively affect the Group's finances (customer bad debt or ability of customer or suppliers to carry on trading). The Group uses multiple supply sources and continues in the main to credit insure receivables or do business on a letter of credit or proforma basis. So far, the effects to Group operations and finances have been minimal.

The Group's products and markets are not negatively affected by the pandemic and on the contrary could strengthen as plastics are integral in food and human protection. The Group has modelled several downside scenarios and the Board is comfortable that the Group's balance sheet and working capital is sufficient to withstand such significant falls in revenue.

Current trading and outlook

As announced on 6 April 2020, the new trading year has started strongly, with revenues for the first quarter ended 31 March 2020 increasing by 53% to £2.45 million compared with £1.60 million for the first quarter of 2019.

The Group's cash and cash availability as at 21 May 2020 was more than £1.0 million. The Group does not expect to require any additional cash in the next twelve months and the Board considers the Group to be in a strong financial position to enable it to maximise the opportunities available within the markets it is in, and with its d2w, d2p and d2c developed and developing product range.

d2w Oxo-biodegradable plastic technology

It is our belief that there is a strong global outlook for d2w technology underpinned by regulatory, legislative and market forces in many of the 70 plus markets in which we are active. In addition, and as a result of the current COVID-19 pandemic, we have seen several plastic bag bans either suspended or overturned.

This is no longer just a Symphony fight, as the plastic industry are trying to avoid closure by the global drive to move away from plastics to other materials or nothing. Because of this, we are collaborating with the industry in several countries to avoid a ban by using d2w technology which can help resolve the pressing issue of plastic pollution, and in particular, microplastics.

The debate on the use of plastics might have hit an inflection point as COVID-19 brought forth fears that reusable shopping bags are used at the expense of optimal hygienic behaviour. In the United States, states including California, New York, and Massachusetts, which spearheaded the campaign against single-use plastic bags, are now pivoting towards promoting their use by either suspending or postponing the bans. Countries across the world have had a similar response by either suspending bans or removing tariffs required to buy plastic bags online. Similarly, the United Kingdom postponed its ban on the use of single-use plastic straws in the restaurant industry.

With recycling efforts being stifled and most of the plastic waste ending up in landfills, oxo-biodegradable plastic continues to provide a timely solution to sustainable plastic consumption and a solution to the issue of plastic litter pollution on land and oceans.

d2p Antimicrobial range of technologies

Demand for plastic materials (such as PPE and food packaging) containing antimicrobial properties is also expected to increase. As announced on 6 April 2020 we have commissioned a laboratory to conduct antiviral tests on our d2p antimicrobial technology and anticipate that if we get a satisfactory result, this will significantly accelerate interest in this technology. We anticipate updating the market by the end of June.

Since the year-end, the U.S. Food & Drugs Administration (FDA) has approved Symphony's d2p antibacterial technology for use in certain polyethylene film for wrapping bread. Approval, which is not time limited and is effective only for Symphony, was given under the Food Contact Notification procedure. We are progressing this commercially despite some minor delays caused by COVID-19.

The Group's 25-year investment into a growing, but synergistic range of products, is well suited to today's global demand for low cost technologies and products that are non-disruptive and that can help protect human health and the environment. It is encouraging to see new European orders recently placed for d2p treated gloves of more than £500,000, together with increased global enquiries for other d2p products.

The current situation due to COVID-19 is unprecedented and the overall economic impact is currently unknown. The Board is encouraged by the resilience shown by the Group's systems and technologies to date, and the opportunities for our range of technologies. We look to the future with confidence, although the financial year ending 31 December 2020 cannot as yet be fully assessed. Accordingly, the Board believes it would be inappropriate to provide forward-looking financial guidance to investors and analysts at this time.

M Laurier
Chief Executive
22 May 2020

Strategic Report

Principal activities, business review and future developments

The primary business activities of the Group are the development and supply of environmental plastic additives and products to a global market.

A review of the business is given in the Chairman's Statement on pages 1-2 together with the Chief Executive's Review on pages 4-6. Future developments are summarised in the Outlook section of the Chief Executive's Review on page 5-6.

Key performance indicators

The Directors have monitored the progress of the overall Group strategy by reference to certain financial and non-financial key performance indicators.

Key performance indicator	**2019**	**2018**	**Method of calculation**
Revenue (£'000)	8,225	8,802	Revenues for the Group.
Gross profit margin (%)	45.9%	46.9%	The ratio of gross profit to sales.
Adjusted EBITDA	429	1,182	EBITDA adjusted to view underlying operating performance
Number of distributors	72	72	Number of distribution agreements

Adjusted EBITDA being EBITDA before R&D and additional communication and marketing costs is calculated as follows:

	2019 £'000	2018 £'000
Operating (loss)/profit	**(622)**	64
Add: Depreciation (non right-of-use)	**76**	81
Amortisation	**17**	16
R&D expenditure	**627**	664
Increased marketing, communication and brand protection costs	**331**	357
Adjusted EBITDA	**429**	1,182

These are discussed within the Chairman's Statement and the Trading Results section of the Chief Executive's Review.

Approval

The Strategic Report was approved on behalf of the Board on 22 May 2020.

M Laurier
Chief Executive
22 May 2020

Directors' Duties

This statement describes how the Directors have regard to the matters set out in section 172 (1) (a) to (f) of the Companies Act 2006 when performing their duties.

The Board's main duty is to promote the Company and Group for the benefit of shareholders and does this by developing products which it believes will be commercially successful, and by implementing routes and channels in order to maximise revenues generated by these products. The Board considers this in the long-term view and have over many years developed its networks of customers and extensive product offerings.

During the year the Board made certain decisions relating to the operations of the Group and developments of its products. Two key decisions were:

Expenditure was increased in relation to sales resources and lobbying activities in certain key markets that the Group is in. These markets were moving towards creating regulations which would affect the Group's products, and as the Group already had been successful in lobby in area of the World which already had positive regulatory environments for the Group's products, it was considered in the long-term interest of the Group to increase these targeted resources.

Application was made for United States FDA approval for one of its d2p antimicrobial products. This was a complex and time-consuming exercise involving experts in the USA. This decision was made with long-term success in mind as a successful outcome would enable the Group to expand revenue in lucrative and established markets that it is already in.

The Board is committed to a culture of openness and integrity. There is an open-door policy for all staff, and the executives make themselves available to all members of staff at all times. Training is actively encouraged.

The Group operates an extensive distributor network with a number of distributors having been selling Symphony's products for ten years or more. The Group works alongside its distributors in helping end-customers with their packaging solutions. Every three years the Group holds distributor conferences and works alongside them at exhibitions held globally. The Group uses a small number of dedicated suppliers and works with them on many areas of product development. More widely, the Group and its associates are constantly engaged with governmental decision makers and associated organisations in order to add input to developing key packaging regulations.

The Group's suite of d2w, d2p and d2c products have been developed with human health and the environment in mind. The Board believes that the Group's technologies enable end users to fulfil many of their own community and environmental criteria. The Group also uses factories located as close to its customers as practicably possible reducing the transport carbon footprint.

The Group is certified to ISO 9001 and ISO 14001. The Group is also on the approved lists of many Government regulatory authorities including SASO (Saudi Arabia) and ESMA (UAE).

Principal Risks and Uncertainties

The Board is responsible for developing a comprehensive risk framework and a system of internal controls. We have identified the following as the principal risks and uncertainties the Group faces.

PRINCIPAL ACTIVITY	PRINCIPAL RISK	IMPACT	MITIGATION
Political and Regulatory Risk	Negative government policy	The Group may not be able to market or sell products in areas where there are regulations in place which favour other technologies or are explicitly negative towards the Group's technologies.	The Group mitigates this risk by having a large and well-established global footprint and by being active in international standards committees, as well as liaising with appropriate governmental departments.
Publicity Risk	Negative media comments	The Group's products are in a high-profile area with a number of organisations competing for mainstream technological acceptance. This may lead to negative comments in the media who may prefer these other technologies over the Group's.	The Group mitigates this risk with active public relations activities both in house and use of external resources.
Market Risk	Market competition	The Group faces competition from suppliers of similar products which could affect revenues and/or gross margins.	The Group mitigates this risk by having a large number of distributors globally who can concentrate on any competition issues within their market, and also by differentiating the Group and its products by branding and marketing activities.
Operational Risk	Commodity pricing and availability	The Group uses commodity and speciality materials in the make-up of its products. There is a risk of price volatility and material availability.	The Group mitigates this risk by using more than one supplier of its raw materials and continually researching separate supply alternatives for the materials used.
Financial Risk	Foreign exchange rate fluctuation	The Group sells products in many countries and generates revenues in US Dollars and Euros. Foreign exchange rates fluctuate and, as such, assets created in foreign currencies are liable to constant revaluations into their Sterling equivalent. The Group is experiencing higher fluctuations from the recent volatility in the US Dollar versus the Great British Pound due to the uncertainties currently surrounding Brexit.	The Group mitigates this risk by purchasing, where practicable, in currencies to match revenues. The Group also has foreign exchange forward contracts and other facilities with its bank to use as and when appropriate.
Various Risks	COVID-19	COVID is causing general uncertainty which may affect one or a number of markets which Symphony is in. These may affect operations (customer or supplier disruption) and financial (customer bad debt or ability of customer or suppliers to carry on trade trading).	The Group's products and markets are not negatively affected by the crises and on the contrary could strengthen as plastics are integral in food and human protection. Forecasts have been prepared and the Group is

			in a strong enough position to withstand a significant fall in revenue expectations. The Group uses multiple supply sources and continues in the main to insure receivables or trade on a letter of credit or proforma basis.

Board of Directors

Michael Laurier
Chief Executive Officer
Appointed to the Board: 4 December 1998
Committee Membership: None

Background and Experience
Michael Laurier is the Chief Executive of the Company. Michael's career began with his long-established family packaging business, Brentwood Sack and Bag Co Limited. He took over responsibility for sales and production in the mid-seventies and changed the emphasis of the company's business from jute products to polythene packaging, introducing the then innovative high density and medium density polythene bags into the UK market in 1975. He co-founded Symphony Plastics in 1995.

Ian Bristow
Chief Financial Officer
Appointed to the Board: 4 December 1998
Committee Membership: None

Background and Experience
Ian Bristow was in private practice for seven years, qualifying as a Chartered Certified Accountant in 1992. In 1994, he joined Brentapac UK Plc until it was sold in 1994. He went on to co-found Symphony in 1995 and has been Finance Director/Chief Financial Officer and Company Secretary of the Group since inception.

Michael Stephen
Commercial Director & Deputy Chairman
Appointed to the Board: 3 August 2007
Committee Membership: None

Background and Experience
Michael Stephen was a member of the UK Parliament from 1992 to 1997 and was a member of the Trade and Industry Select Committee and the Environment Select Committee of the House of Commons. He is Commercial Director and Deputy Chairman of the plc, and Chairman of its subsidiary companies since 2007. He qualified as a Solicitor with Distinction in Company Law. He was called to the Bar, and practised from chambers in London for many years, dealing with civil cases in the High Court and Court of Appeal.

Nicolas Clavel
Independent Non-Executive Director and Interim Chairman
Appointed to the Board: 16 October 2008
Committee Membership: Audit (Chairman), Remuneration

Background and Experience
Nicolas Clavel started his career in international banking in the mid-seventies and his area of expertise has been structured trade finance and equity investments with a particular focus on Emerging Markets. He is Chief Investment Officer of Scipion Capital Ltd, (the Investment Manager of Scipion African Opportunities Fund SPC). Nicolas is Swiss, and is based in London and Geneva.

Shaun Robinson
Non-Executive Director
Appointed to the Board: 19 December 2014
Committee Membership: Audit, Remuneration (Chairman)

Background and Experience
Shaun Robinson has over 25 years' corporate finance, restructuring and active asset management experience and is a Chartered Certified Accountant. Shaun specialises in business development, M&A and tax/corporate structuring and management oversight.

Robert (Bob) Wigley
Independent Non-Executive Director
Appointed to the Board: 6 April 2018
Committee Membership: None

Background and Experience
Bob is Chairman of UK Finance, Secure Broadcast Ltd, Vesta Global Holdings Ltd and Bink Ltd. He is Non-Executive Director of the Qatar Finance Centre Authority. From 2004-2009 he was Chairman of

Merrill Lynch EMEA. He is a former member of the Court of the Bank of England and a former NED of Royal Mail Group. In 2009 he chaired the Green Investment Bank Commission for the then Chancellor of the Exchequer. He is an Honorary Fellow of Judge Business School, Cambridge University and a Visiting Fellow of Oxford University's Saïd Business School.

Chairman's Corporate Governance Statement

Dear Shareholder

As Interim Chairman of the Board of Directors of Symphony Environmental Technologies plc ("Symphony", the "Company", or, together with the subsidiary companies, the "Group"), it is my responsibility to ensure that Symphony has both sound corporate governance and an effective Board. As Chairman, my responsibilities include leading the Board effectively, overseeing the Company's corporate governance model, and ensuring that information flows freely between Executives and Non-Executives in a timely manner.

It is the Board's job to ensure that Symphony is managed for the long-term benefit of all shareholders, with effective and efficient decision-making. Corporate governance is an important part of that role, reducing risk and adding value to our business. Our role as a Board is to create the conditions in which a resilient and successful business can continue to grow. Annually we review and determine our strategy and business model and then continuously monitor how management is implementing those plans. We review performance to ensure those plans remain on track or else are modified to take account of unforeseen circumstances.

The Directors of Symphony recognise the value of good corporate governance in every part of its business. As Symphony is an AIM listed company, it is required have adopted a recognised corporate governance code and disclose how it complies with that code and, to the extent Symphony departs from the corporate governance provisions outlined by that code, it must explain its reasons for doing so. The Directors continue to adopt the Quoted Companies Alliance Corporate Governance Code (the "QCA Code"), which we believe is the most appropriate for a company of the size and stage of development of Symphony. The Board considers that compliance with the QCA Code enables us to serve the interests of all our key stakeholders, including our shareholders, and will promote the maintenance and creation of long-term value in the Company. This report describes our approach to governance, including information on relevant policies, practices and the operation of the Board and its Committees. Additional detail is also provided in the corporate governance statement on our website.

The Board considers that Symphony complies with the QCA Code so far as is practicable, having regard to the Group's current stage of evolution. A statement detailing both how the Company complies with the QCA Code, and areas of non-compliance, is outlined below.

QCA Principles:

1. **Establish a strategy and business model which promotes long-term value for shareholders**

The primary business activity of Symphony is the development and supply of environmental plastic additives and products to a global market. The Board has concluded that the highest medium and long-term value which can be delivered to its shareholders through the Group's strategy of driving sales of its d2w range of products through its network of distributors. In addition, the Board is focused on increasing revenues generated by its d2p (designed to protect) range of products and technologies.

The Board intends to deliver shareholder returns through capital appreciation. Challenges to delivering strategy and long-term goals are governmental policy (both preventative and adoptive), market competition, foreign exchange risks and raw material price volatility and availability, all of which are outlined in Principle Risks and Uncertainties on pages 9-10, as well as steps the Board takes to protect the Group, mitigate these risks and secure a long-term future for the Group.

2. **Seek to understand and meet shareholder needs and expectations**

Symphony places a great deal of importance on communication with its stakeholders and is committed to establishing constructive relationships with investors and potential investors in order to assist it in developing an understanding of the views of its shareholders. Beyond the Annual General Meeting, the Chief Executive Officer (CEO), Chief Financial Officer (CFO) and, where appropriate, other members of the senior management team meet regularly with investors and analysts to provide them with updates on the Group's business and to obtain feedback regarding the market's expectations of the Group.

The Group's investor relations activities encompass dialogue with both institutional and private investors. In addition, the Company communicates with its shareholders through its website, RNS and RNS Reach announcements, investor relations web interviews, investor shows, and the Company's Annual Report and Accounts.

The Annual General Meeting of the Company, normally attended by all the Directors, provides the

Directors the opportunity to report to shareholders on current and proposed operations, and enables the shareholders to express their views of the Group's business activities. Shareholders are invited to ask questions during the meeting and to meet with Directors after the formal proceedings have ended. The CEO is considered the key contact for shareholder liaison.

Information on the Corporate Information section of the Group's Information on the website, www.symphonyenvironmental.com/corporate-information, is kept updated and contains details of relevant financial reports, presentations and other key information.

3. **Take into account wider stakeholder and social responsibilities and their implications for long-term success**

Symphony recognises that the Group's long-term future depends on environmental and social performance. Excellence in operational performance generates financial returns, however, enduring sustainable growth depends on being a responsible global citizen and earning the continued support of our customers, shareholders, communities and staff.

All of Symphony's stakeholders are encouraged to provide feedback to the Company by emailing info@d2w.net. The Company is open to receiving feedback from key stakeholders, and will take action where appropriate.

The Board recognises its responsibility to manage a business whilst acknowledging the Group's responsibility for the environment and helping its customers make the most environmentally-beneficial purchasing decisions. As the whole concept of Symphony is built around sustainability and commitment to the environment, we are constantly searching for ways to continue to protect the natural and human world. The Group's strategy is focused on providing environmentally-friendly plastic solutions, as well as plastic solutions which augment healthcare, food preservation and other human protection requirements, demonstrating the Group's commitment to Corporate Social Responsibility. Furthermore, Symphony Environmental Limited (the Company's trading subsidiary) is BSI certified to ISO 9001 and 14001. The Group also has an Environmental Policy in place and its d2w products have an Eco-label awarded by ABNT, the Brazilian standards agency.

All employees within the Group are valued members of the team, and the Board seeks to implement provisions to retain and incentivise its employees. The Group offers equal opportunities regardless of race, gender, gender identity or reassignment, age, disability, religion or sexual orientation. The Company's Executive Directors regularly meet managers to discuss staff comments, progress and well-being, and employees are also encouraged to engage directly with Directors. This allows the Board to obtain feedback from employees. Symphony has Anti-Corruption and Health and Safety policies in place.

Further information in relation to the Company's corporate social responsibility and copies of the above-stated policies can be found on the Company's website www.symphonyenvironmental.com/corporate-information.

4. **Embed effective risk management, considering both opportunities and threats, throughout the organisation**

The Board recognises the need for an effective and well-defined risk management process and it oversees and regularly reviews the current risk management and internal control mechanisms. The Company's key risks can be found in Principal Risks and Uncertainties on pages 9-10.

The Board has overall responsibility for identifying, monitoring and reviewing the Company's risks, and assessing the systems of external control for effectiveness. They are also responsible for updating and maintaining the Company's risk register, which evaluates the impact of identified risks, as well as their mitigations. The Executive Directors report any new or changed risks, and any changes in risk management/control to the Board. The Board discusses all business matters having regard to the risk for the Group and to the extent that risks inherent in a particular activity are considered significant, appropriate action is taken and steps taken to mitigate the issue.

The Board is satisfied that the procedures in place meet the particular needs of the Group in managing the risks to which it is exposed. The Board is satisfied with the effectiveness of the system of internal controls, but by their very nature, these procedures can provide reasonable, not absolute, assurance against material misstatement or loss. The Board has delegated responsibility to the Audit Committee for ensuring that the Company's management has designed and implemented an effective system of internal financial controls and for reviewing, monitoring and reporting on the integrity of the consolidated financial statements of the Company and related financial information. The Audit Committee will maintain effective working relationships with the Board of Directors, executive management, and the external auditors and will monitor the independence and effectiveness of the auditors and the audit.

The Board has reviewed the need for an internal audit function and has decided that, given the nature of the Group's business and assets and the overall size of the Group, the systems and procedures currently employed provide sufficient assurance that a sound system of internal controls are in place, which safeguards the shareholders' investment and the Group's assets. An internal audit function is therefore considered unnecessary. However, the Board will continue to monitor the need for this function.

5. **Maintain the Board as a well-functioning, balanced team led by the Chair**

The Board comprises three Executive Directors, Michael Laurier, Ian Bristow and Michael Stephen, and three Non-Executive Directors, Shaun Robinson, Nicolas Clavel and Robert Wigley. Nicolas Clavel is currently the Company's Interim Chairman. Nicolas Clavel and Robert Wigley are each regarded as Independent Directors by the Board notwithstanding that they hold a small number of shares and also hold options over Ordinary Shares. The Board considers that both Nicolas Clavel and Robert Wigley have demonstrated the utmost regard for independence, appropriately challenging the Board and maintaining high standards of corporate governance on the Board. Neither Nicolas nor Robert represent any shareholder on the Board and both have a background in finance within regulated industries. Accordingly, the Board believes that both Nicolas and Robert exercise independent judgement in all matters relating to the Group.

Shaun Robinson has an interest in Somerston Environmental Technologies Limited, which has a holding in excess of 20% in the Group. For this reason he is not considered independent as required by the QCA Code. Shaun Robinson adds value with extensive knowledge of corporate, finance and public affairs. The Board is satisfied it has a suitable balance between independence on the one hand, and knowledge of the Company on the other. Biographies for each of the Directors are outlined on pages 11-12.

Board meetings are open and constructive, with every Director participating fully. Senior management are also invited to meetings when required, providing the Board with a thorough overview of the Group. The Board aims to meet at least four times in the year and, together with the Audit and Remuneration Committees, deals with all important aspects of the Group's affairs. The Committees have the necessary skills and knowledge to discharge their duties effectively. The Group considers that, at this stage of its development and given the current size of its Board, it is not necessary to establish a formal Nominations Committee. Instead, appointments to the Board are made by the Board as a whole. This position, however, is reviewed on a regular basis by the Board.

Attendance at Board and Committee Meetings for 2019 is shown below.

Director	**Position**	**Board Meetings attended in 2019**	**Audit Committee meetings**	**Remuneration Committee meetings**
Michael Laurier	Chief Executive Officer	4/4		
Ian Bristow	Chief Financial Officer	4/4		
Michael Stephen	Commercial Director & Deputy Chairman	3/4		
Nicholas Clavel	Non-Executive Director & Interim Chairman	4/4	2/2	1/2
Shaun Robinson	Non-Executive Director	4/4	2/2	2/2
Robert Wigley	Non-Executive Director	4/4		1/2
Nirj Deva (resigned 7 November 2019)	Ex Non-Executive Chairman	3/3		

In order to be efficient, the Directors meet formally and informally both in person and by telephone. The Board receives timely information in a form and of a quality appropriate to enable it to discharge its duties. Board papers are circulated by email with sufficient time before meetings, allowing time for full consideration and necessary clarifications before the meetings. Board papers are compiled into a board pack for the meetings themselves.

All Directors of the Board have sufficient time, availability, skills and expertise to perform their roles and this is regularly reviewed by the Board. The Non-Executive Directors devote such time as is necessary for the proper performance of their duties and attend all Board meetings, unless prior good reason is provided in advance.

The Company has two Committees, an Audit Committee and a Remuneration Committee. The Committees have the necessary skills and knowledge to discharge their duties effectively. As with Board papers, Committee papers are drafted and circulated to members of the Committee with sufficient time before the meeting.

The Company has effective procedures in place to monitor and deal with conflicts of interest. The Board is aware of the other commitments and interests of its Directors, and changes to these commitments and interests are reported to and, where appropriate, agreed with the rest of the Board.

6. **Ensure that between them the Directors have the necessary up-to-date experience, skills and capabilities**

The Company believes that the current balance of skills in the Board as a whole reflects a very broad range of personal, commercial and professional skills. The Directors' varied backgrounds and experience give Symphony a good mix of the knowledge and expertise necessary to manage the business effectively.

Ian Bristow is Symphony's Company Secretary and is responsible for ensuring that Board procedures are followed and that the Company complies with all applicable rules, regulations and obligations governing its operation, as well as helping the Chairman maintain standards of corporate governance.

There are processes in place enabling Directors to take independent advice at the Company's expense in the furtherance of their duties, and to have access to the advice and services of the Company Secretary.

In order to keep Director skillsets up to date, the Board uses third parties to advise the Directors of their responsibilities as a Director of an AIM company, which includes receiving advice from the Company's nominated adviser and external lawyers. The Board encourages Directors to receive training on relevant developments if required. The Board reviews the appropriateness and opportunity for continuing professional development in order to keep each Director's skillset up-to-date.

The Board will seek to take into account any Board imbalances for future nominations. The Company is committed to a culture of equal opportunities for all employees regardless of gender. The Board aims to be diverse in terms of its range of culture, nationality and international experience. All six Board members are currently male. If it is agreed to expand the Board, the Board will, subject to identifying suitable candidates, look to fill at least one of the vacancies with a female Director. The current position as Chairman is an interim measure and the Board will seek a suitable permeant Chairman when appropriate.

If required, the Directors are entitled to take independent legal advice and if the Board is informed in advance, the cost of the advice will be reimbursed by the Company. In addition to their general Board responsibilities, Non-Executive Directors are encouraged to be involved in specific workshops or meetings, in line with their individual areas of expertise. The Board shall review annually the appropriateness and opportunity for continuing professional development, whether formal or informal.

7. **Evaluate Board performance based on clear and relevant objectives, seeking continuous improvement**

The structure of the Board is subject to continual review to ensure that it is appropriate for the Company. The Board currently runs a self-evaluation process on Board effectiveness. It is intended that the Board will create a more formal Board evaluation process in the future, which will focus more closely on defined objectives and targets for improving performance.

In Board meetings/calls, the Directors discuss areas where they feel a change would be beneficial for the Group taking appropriate advice when required.

The Company has not yet adopted a policy on succession planning, in particular with regard to the Company's Chief Executive, Michael Laurier. The Chief Executive is however required to give one months' notice under his contract of employment if he wishes to leave the Company. The Board is considering succession planning as part of its regular review of Board effectiveness and will implement a policy at the appropriate time.

The Board is committed to undertaking reviews of Board and Committee performance and of individual Board members which will be carried out regularly as part of a board performance evaluation and in particular that:

- their contribution is relevant and effective;
- that they are committed; and
- where relevant, they have maintained their independence.

8. Promote a corporate culture that is based on ethical values and behaviour

The Board recognises that its decisions regarding strategy and risk will impact the corporate culture of the Group as a whole and that this will impact performance. The Board is aware that the tone and culture set by the Board will greatly impact all aspects of the Group as a whole and the way that employees behave. The corporate governance arrangements that the Board has adopted are designed to ensure that the Group delivers long term value to its shareholders, and that shareholders have the opportunity to express their views and expectations for the Group in a manner that encourages open dialogue with the Board.

A large part of the Group's activities are centred upon an open and respectful dialogue with employees, customers and other community and environmental stakeholders. Therefore, the importance of sound ethical values and behaviour is crucial to the ability of the Group to successfully achieve its corporate objectives and successfully promote its eco-friendly products. The Board places great importance on this aspect of corporate life and seeks to ensure that this flows through all that the Group does.

The Directors consider that at present the Group has an open culture facilitating comprehensive dialogue and feedback and enabling positive and constructive challenge. The Executive Directors regularly meet managers and discuss staff well-being, development and staff feedback. Employees are encouraged to engage directly with Directors, and the Group seeks to promote Group values and behaviour through a top-down approach. Symphony also has an employee handbook.

Furthermore, Symphony has a number of policies in place aimed to protect its staff, such as Anti-corruption and Health and Safety, as well as an Environmental Policy. The Environmental Policy is focused on supplying the most environmentally beneficial products to its customers, and to purchase and sell products which can be re-used, recycled and will biodegrade, demonstrating the Company's commitment to its corporate social responsibility. As stated above, Symphony's trading subsidiary is also BSI certified to ISO 9001 and 14001.

The Company has adopted a Share Dealing Policy which is intended to assist the Company and its staff in complying with their obligations under the Market Abuse Regulation ("MAR") which came into effect in 2016. The Policy addresses the securities dealing restrictions set out in MAR and reflects the requirements set out in the AIM Rules.

9. Maintain governance structures and processes that are fit for purpose and support good decision-making by the Board

The Board is committed to, and ultimately responsible for, high standards of corporate governance, and has chosen to adopt the QCA Code. The Board reviews its corporate governance arrangements regularly and expects them to evolve these over time, in line with the growth of the Group. The Board delegates responsibilities to certain Committees and individuals as it sees fit.

The Chairman's principal responsibilities are to ensure that the Company and its Board are acting in the best interests of shareholders, and leadership of the Board is undertaken in a manner which ensures that the Board retains its integrity and effectiveness, with the right Board dynamic and ensuring that all important matters, in particular strategic decisions, receive adequate time and attention at Board meetings.

The CEO has, through powers delegated by the Board, the responsibility for leadership of the management team in the execution of the Group's corporate strategies and for the day-to-day management of the business. The CEO can be assisted in his duties by the other Executive Directors. The CEO for Symphony is also the principle contact for liaison with shareholders and, together with the CFO, all other stakeholders.

The Non-Executives Directors are tasked with constructively challenging the decisions of executive management and satisfying themselves that the systems of business risk management and internal financial controls are robust. The Executive Directors seek regular counsel from the Non-Executive Directors outside of Board meetings.

Whilst the Board has not formally adopted appropriate delegations of authority setting out matters reserved to the Board, there is effectively no decision of any consequence made other than by the Directors. All Directors participate in the key areas of decision-making, including the following matters:

- oversee the Group's strategic objectives and policies;
- review of performance and controls;
- oversee all aspects of the Company's finances;
- decide on key business transactions;
- manage risk; and
- manage the interests of all stakeholder groups.

The Board delegates authority to two Committees to assist in meeting its business objectives whilst ensuring a sound system of internal control and risk management. The Committees meet independently of Board meetings. The committees are currently being reviewed in relation to the number of independent members.

Audit Committee

The Audit Committee Report is on page 24.

Committee members and attendance

The Audit Committee currently comprises Nicolas Clavel (Chair) and Shaun Robinson. The Board is in the process of reviewing the members as Nicolas Clavel is currently also Interim Chairman of the Board.

The Board considers that Nicolas Clavel has sufficient relevant financial experience to chair the Audit Committee given that he has over 30 years' experience in financial services and is Chief Investment Officer of Scipion Capital Limited. Shaun Robinson is a Chartered Certified Accountant.

The Committee is required by its terms of reference to meet at least twice a year. The Committee Chairman may invite other Directors or executives of the Company and any external advisors to attend all or part of any meetings as and when deemed appropriate.

Objectives and responsibilities

The Committee is responsible for monitoring the integrity of the Group's financial statements, including its Annual and Interim Reports, preliminary results announcements and any other formal announcements relating to its financial performance prior to release.

The Committee's main responsibilities can be summarised as follows:

- to review the Group's internal financial controls and risk management systems;
- to monitor the integrity of the financial statements and any formal announcements relating to the Group's financial performance, reviewing significant judgements contained in them;
- to make recommendations to the Board in relation to the appointment of the external auditors and to recommend to the Board the approval of the remuneration and terms of engagement of the external auditors;
- to review and monitor the external auditors' independence and objectivity, taking into consideration relevant UK professional and regulatory requirements;
- to develop and implement policy on the engagement of the external auditors to supply non-audit services, taking into account relevant ethical guidance regarding the provision of non-audit services by the external auditors; and
- to report to the Board, identifying any matters in respect of which it considers that action or improvement is needed, and to make recommendations as to steps to be taken.

Remuneration Committee

The Remuneration Committee Report is on pages 25-26.

Committee members and attendance

Symphony's Remuneration Committee currently comprises Shaun Robinson (chair) and Nicolas Clavel. The Board considers that Shaun Robinson has sufficient relevant experience to chair the Remuneration Committee, given that he is a Chartered Certified Accountant, with over 25 years' experience in the financial operation and management oversight of a number of businesses. The Board is in the process of reviewing the members as Nicolas Clavel is currently also Interim Chairman of the Board.

The Committee is required by its terms of reference to meet at least once a year. The Committee Chairman may invite other Directors or executives of the Company and any external advisors to attend all or part of any meetings as and when deemed appropriate.

Objectives and responsibilities

The Remuneration Committee's main responsibilities can be summarised as follows:

- To determine the framework or broad policy for the remuneration of the Executive Directors, and such other senior executives as it is requested by the Board to consider. The remuneration of the Non-Executive Directors shall be a matter for the executive members of the Board. No Director shall be involved in any decisions as to their own remuneration;
- To determine such remuneration policy, taking into account all factors which it deems necessary (including relevant legal and regulatory requirements);
- To review the ongoing appropriateness and relevance of the remuneration policy, including policy comparisons with market competitors;
- To design and determine targets for any performance related pay schemes operated by the Company and approving the total annual payments made under such schemes;
- To review the design of, and any changes to, all share incentive plans;
- To advise on any major changes in employee benefits structures throughout the Company or Group; and
- To consider any matter specifically referred to the Committee by the Board.

Terms of reference for the Audit and Remuneration Committees are available at:
https://www.symphonyenvironmental.com/corporate-information/corporate-governance

Nomination Committee

The Group considers that, at this stage of its development and given the current size of its Board, it is not necessary to establish a formal Nominations Committee. Instead, appointments to the Board are made by the Board as a whole. This position however, is reviewed on a regular basis by the Board.

The Chair and the Board continue to monitor and evolve the Company's corporate governance structures and processes, and maintain that these will evolve over time, in line with the Company's growth and development.

10. Communicate how the company is governed and is performing by maintaining a dialogue with shareholders and other relevant stakeholders

The Board is committed to maintaining effective communication and having a constructive dialogue with its shareholders, other relevant stakeholders and prospective investors. The Company intends to have ongoing relationships with both its private and institutional shareholders (through meetings and presentations) as well with analysts, and for them to have the opportunity to discuss issues and provide feedback at meetings with the Directors.

In addition, all shareholders are encouraged to attend the Company's Annual General Meetings. All 2019 AGM resolutions were passed comfortably. The Board already discloses the result of general meetings by way of an announcement, which discloses the proxy voting numbers to those attending the meetings. The Company has not historically announced the detailed results of shareholder voting to the market but it intends to do so for future General Meetings. The Board intends that, if there is a resolution passed at a General Meeting with 20% or more votes against, the Company will seek to understand the reason for the result and, where appropriate, take suitable action.

The Corporate Information section of the Group's website, www.symphonyenvironmental.com/corporate-information is kept updated and contains details of relevant financial reports, corporate videos/ presentations and other key information.

N Clavel
Interim Chairman
22 May 2020

Directors' Report

The Directors present their report and the audited annual report and accounts of the Group for the year ended 31 December 2019.

Principal activity

Symphony Environmental Technologies plc is a public limited company incorporated in England and Wales, registered number 03676824, with registered office at 6 Elstree Gate, Elstree Way, Borehamwood, Hertfordshire, WD6 1JD. The Company is quoted on the AIM market of the London Stock Exchange.

The principal activity of the Group is the development and supply of environmental plastic additives and products to a global market.

Review of business and future developments

The Strategic Report on page 7 provides a review of the business, the Group's trading for the year ended 31 December 2019, key performance indicators, and an indication of future prospects and developments. The principal risks and uncertainties facing the business and on pages 9-10. The Directors as referred to in these annual report and accounts are the directors of Symphony Environmental Technologies plc only.

Results and dividends

The trading results for the year and the Group's financial position at the end of the year are shown in the attached annual report and accounts.

The loss for the year after taxation amounted to £660,000 (2018: profit £48,000).

The Directors do not recommend the payment of a dividend (2018: £nil).

The results for the year ended 31 December 2019 are set out in the consolidated statement of comprehensive income on page 33.

Directors

The Directors who served during the year ended 31 December 2019 and up to the date of signing the financial statements were as follows:

N Clavel – Non-Executive Director & Interim Chairman
M Laurier – Chief Executive Officer
I Bristow FCCA – Chief Financial Officer
M Stephen – Commercial Director & Deputy Chairman
S Robinson – Non-Executive Director
R Wigley – Non-Executive Director
N Deva DL, FRSA (resigned 7 November 2019)

In accordance with the Articles of Association, one third of the Directors must retire from office at each AGM after the AGM or general meeting, as the case may be, at which he was appointed or last re-appointed.

Directors' interests

The Directors in office at the end of the year, together with their beneficial interests in the shares of the Company, were as follows:

Ordinary Shares of £0.01 each	**At 31 December 2019**	At 1January 2019
M Laurier	**23,424,510**	23,424,510
I Bristow	**1,163,925**	1,163,925
M Stephen	**1,352,176**	1,352,176
N Clavel	**550,000**	550,000
S Robinson	**11,513,546**	11,513,546
R Wigley	**200,000**	200,000

Details of the Directors' interests in options granted under the Group's share scheme are set out in the Remuneration Committee Report on page 26.

Financial risk management policies and objectives

The Group's financial risk management policies are detailed in note 22 to the annual report and accounts.

A summary of the Group's key operating risks is set out on pages 9-10. The Group's risk management policies and objectives including exposure to liquidity risk, interest rate risk, currency risk, and credit risk, are contained in note 22 to the annual report and accounts.

Share capital

Full details of changes in the Company's share capital during the year and after the year end are set out in note 17 to the annual report and accounts. Details of employee share options and warrants are also set out in note 17.

Significant shareholdings

The significant shareholders in the Company (holding shares in excess of 3%) as at 31 December 2019 are as follows:

Shareholder	% total shareholding
Somerston Capital	19.83%
M Laurier	13.78%
Vincel Investments	9.09%
S Robinson*	6.77%

* Including S Robinson's interests in Somerston Environmental Technologies Limited shareholding

Political donations

During the year ended 31 December 2019 the Group made no political donations (2018: £nil).

Going concern

On the basis of current financial projections and available funds and facilities, the Directors are satisfied that the Group has adequate resources to continue in operational existence for the foreseeable future and, accordingly, continue to adopt the going concern basis in preparing the Group and Company financial statements. The operating loss for the year of £0.62 million was more than mitigated by the £1.9 million share subscription received during the year. The net current assets of the business therefore increased to £2.85 million from £1.71 million in 2018. Forecasts have been underpinned by Q1 2020 revenues of £2.45 million (2019 Q1: £1.60m).

The COVID-19 crises has so far had little impact on the Group with some minor cashflow and order delays in certain territories with the main markets continuing generally as expected. The Group's products and markets are not negatively affected by the crises and on the contrary could strengthen as plastics are integral in food and human protection.

Post balance sheet events

Following the year end, the Group has seen uncertainty that has come with the global outbreak of the coronavirus, albeit the pandemic has so far had little negative impact on the Group. As this uncertainty emerged only after the year end, the Directors' view is that any significant impacts or changes are considered to be a non-adjusting event in relation to these accounts.

The Directors are, and will continue to monitor the impacts of the current coronavirus results on the Group and Company, but as at the date of signing the accounts, do not believe there have been any significant impacts that require disclosure.

Information received by the Board

The Board receives information on a regular basis enabling it to review operational and financial performance (including sales activity, and working capital management); forecasts (including comparison with market expectations); potentially significant transactions and strategy.

Website

Our corporate website at www.symphonyenvironmental.com/corporate-information/company-reports-and-general-meetings provides access to Company information, public announcements, published financial reports and contact details.

Directors' indemnification and insurance

The company's articles of association provide for the directors and officers of the company to be appropriately indemnified, subject to the provisions of the Companies Act 2006. The company purchases and maintains insurance for the directors and officers of the company in performing their duties, as permitted by section 233 of the Companies Act 2006.

Auditor

Mazars LLP has expressed its willingness to continue in office as auditor to the Company. A resolution to reappoint Mazars LLP will be proposed at the forthcoming AGM.

Provision of information to the auditors

Each of the Directors who held office at the date of approval of this Directors' Report confirms that:

- so far as he is aware, there is no relevant audit information of which the Company's and Group's auditor is unaware; and
- he has taken all the steps he ought to have taken as a Director in order to make himself aware of any information needed by the Company and the Group's auditors in connection with their report and to establish that the auditors are aware of that information.

AGM

The AGM will be held on 26 June 2020. The notice of AGM and the ordinary and special resolutions to be put to the meeting will be notified to shareholders separately from these accounts.

Approval

The Directors' report was approved on behalf of the Board on 22 May 2020.

M Laurier
Chief Executive
22 May 2020

Directors' Responsibilities Statement

The Directors are responsible for preparing the Annual Report and the Group and Company financial statements in accordance with applicable UK law and those IFRSs as adopted by the European Union.

Under Company law the Directors must not approve the Group and Company financial statements unless they are satisfied that they present fairly the financial position, financial performance, and cash flows of the Group and Company for that period. In preparing those financial statements, the Directors are required to:

- Select suitable accounting policies for the group's financial statements and apply them consistently;
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group will continue in business;
- Present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- Provide additional disclosures when compliance with the specific requirements in IRFSs is insufficient to enable users to understand the impact of particular transactions, other events and conditions on the Group's financial position and financial performance;
- State that the Group and the Company have complied with IFRSs subject to any material departures disclosed and explained in the financial statements; and
- Make judgements and estimates that are reasonable and prudent.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Group's transactions and disclose with reasonable accuracy at any time the financial position of the Company and the Group and enable them to ensure that the financial statements comply with the Companies Act 2006 and Article 4 of the IAS regulation. They are also responsible for safeguarding the assets of the Company and the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are responsible for the maintenance and integrity of the Company's website. Legislation in the UK may differ from legislation in other jurisdictions.

Each of the active Directors, whose names are listed in the Directors' Report above, confirms that, to the best of his knowledge:

- The Group financial statements which have been prepared in accordance with IFRSs as adopted by the EU, give a true and fair view of the assets, liabilities, financial position and profit of the Group.
- The Strategic Report includes a fair review of the development and performance of the business and the position of the Group and the Company, together with a description of the principal risks and uncertainties that it faces.
- The Directors consider that the Annual Report and Accounts, taken as a whole is fair, balanced and understandable.

This responsibility statement was approved by the Board on 22 May 2020.

N Clavel
Interim Chairman
22 May 2020

Audit Committee Report

Dear Shareholder

As the Chairman of Symphony's Audit Committee, I present my Audit Committee Report for the year ended 31 December 2019, which has been prepared by the Committee and approved by the Board.

The Committee is responsible for reviewing and reporting to the Board on financial reporting, internal control and risk management, and for reviewing the performance, independence and effectiveness of the external auditors in carrying out the statutory audit. The Committee advises the Board on the statement by the Directors that the Annual Report and Accounts when read as a whole is fair, balanced and understandable, and provides the information necessary for shareholders to assess the Group's performance, business model and strategy.

During the year, the Committee's primary activity involved meeting with the external auditors, considering material issues and areas of judgement, and reviewing and approving the interim and year end results and accounts.

In addition, the Committee reviewed the audit and taxation services provided by Mazars LLP, the Group's external auditors. The Committee concluded that Mazars LLP are delivering the necessary audit scrutiny and that the taxation services provided did not pose a threat to their objectivity and independence. In future, and in accordance with current guidance, taxation services will be obtained from firms independent to the Company's auditor.

Accordingly, the Committee recommended to the Board that Mazars LLP be re-appointed for the next financial year.

During 2019, the Committee:

- met with the external auditors to review and approve the annual audit plan and receive their findings and report on the annual audit;
- considered significant issues and areas of judgement with the potential to have a material impact on the financial statements;
- considered the integrity of the published financial information and whether the Annual Report and Accounts taken as a whole are fair, balanced and understandable and provide the information necessary to assess the Group's position and performance, business model and strategy; and
- reviewed and approved the interim and year end results.

In addition to the Committee's ongoing duties, the Committee has and will continue to:

- consider significant issues and areas of judgement with the potential to have a material impact on the financial statements; and
- keep the need for an internal audit function under review, having regard to the Company's strategy and resources.

Significant issues considered for the year ending 31 December 2019

IFRS 16 "Leases"

The Committee considered the impact of IFRS 16 "Leases" which was adopted for the first time from 1 January 2019. The impact of IFRS 16 was significant to certain balance sheet disclosures but not to the Group's reported loss for the period.

<u>Revenue recognition and cut-off</u>

The Committee considered revenue recognition and in particular the revenue cut-off over the year-end and was satisfied that IFRS 15 was correctly applied.

Audit Committee effectiveness

The Committee reviews its effectiveness on an ongoing basis.

Nicolas Clavel
Chairman of the Audit Committee
22 May 2020

Remuneration Committee Report

Dear Shareholder

As the Chairman of Symphony's Remuneration Committee, I present my Remuneration Committee Report for the year ended 31 December 2019, which has been prepared by the Committee and approved by the Board.

The Committee is responsible for determining the remuneration policy for the Executive Directors, and for overseeing the Company's long-term incentive plans. The Board as a whole is responsible for determining Non-executive Directors' remuneration.

As an AIM company, the Directors' Remuneration Report Regulations do not apply to Symphony and so this report is disclosed voluntarily and has not been subject to audit.

Remuneration policy for 2019 and future years

The Remuneration Committee determines the Company's policy on the structure of Executive Directors' and if required, senior management's remuneration. The objectives of this policy are to:

- Reward Executive Directors and senior management in a manner that ensures that they are properly incentivised and motivated to perform in the best interests of shareholders.
- Provide a level of remuneration required to attract and motivate high-calibre Executive Directors and senior management of appropriate calibre.
- Encourage value creation through consistent and transparent alignment of incentive arrangements with the agreed company strategy over the long term.
- Ensure the total remuneration packages awarded to Executive Directors, comprising both performance-related and non-performance-related remuneration, is designed to motivate the individual, align interests with shareholders and comply with corporate governance best practice.

The Committee will continue to monitor market trends and developments in order to assess those relevant for the Group's future remuneration policy.

Remuneration Policy for Non-Executive Directors

N Clavel, S Robinson and R Wigley each receive a fee for their services as a Director, which is approved by the Board, mindful of the time commitment and responsibilities of their roles and of current market rates for comparable organisations and appointments.

Remuneration decisions for 2019

No annual bonuses are payable for the year ended 31 December 2019 (2018: £nil).

As announced by RNS on 20 November 2019, extensions were granted to the exercise period of certain options. The Company had previously granted options to purchase 8,441,500 ordinary shares of 1p each in the Company ("Ordinary Shares") to certain directors of the Company (the "Options"). The Options were due to expire across 2019 and 2020.

R Wigley and S Robinson, as non-executive directors of the Company, commissioned an independent remuneration report on the impact of extending or not extending the Options. The report concluded that it was in the best interests of all shareholders that the exercise period of the Options be extended. Consequently, R Wigley and S Robinson recommended to the Board, who agreed, that the expiry dates of the Options be extended by 12 or 24 months, and in addition, the exercise price of Options to purchase 1,090,000 Ordinary Shares was also increased to 12.5 pence per Ordinary Share.

The options affected are indicated in the share options and warrants table on page 26.

Remuneration Committee effectiveness

The Committee reviews its effectiveness on an ongoing basis.

Directors' emoluments

The table below sets out the total emoluments received by each Director who served during the year ended 31 December 2019.

	Basic salary £'000	Benefits £'000	**2019 Total Emoluments £'000**	2018 Total Emoluments £'000
N Deva*	14	-	**14**	16
M Laurier	201	10	**211**	213
I Bristow	137	4	**141**	144
M Stephen	137	12	**149**	152
N Clavel	16	-	**16**	16
S Robinson	16	-	**16**	16
R Wigley	16	-	**16**	20
	537	26	**563**	577

The Company has taken out insurance for its officers against liabilities in relation to the Company under Section 233 of the Companies Act 2006.

*N Deva resigned on 7 November 2019.

Share options and warrants

The Directors have share options and warrants, or interests in share options and warrants as follows:

	Number of share options or warrants	**Exercise price (pence per share)**	**Exercisable from**	**Exercisable to**
M Laurier	1,851,500	4.500	26 November 2008	26 November 2021
M Laurier	350,000	12.500	31 March 2010	30 March 2022
I Bristow	3,000,000	4.500	26 November 2008	26 November 2021
I Bristow	280,000	12.500	31 March 2010	30 March 2022
M Stephen	2,000,000	4.500	26 November 2008	26 November 2020
M Stephen	210,000	12.500	31 March 2010	30 March 2021
N Clavel	500,000	4.500	16 October 2009	26 November 2021
N Clavel	250,000	12.500	18 December 2010	18 December 2021
S Robinson	1,500,000	12.500	19 November 2019	19 November 2021
R Wigley	750,000	12.500	15 May 2019	6 April 2021
R Wigley	250,000	12.500	19 November 2019	19 November 2021

The above share options and warrants are HM Revenue and Customs unapproved.

In addition to amendments to certain options detailed on page 25, and also as announced by RNS on 20 November 2019, the exercise price of options previously granted to R Wigley in 2018 was reduced to 12.5 pence per Ordinary Share. In addition, options were granted to purchase 1,500,000 Ordinary Shares at an exercise price of 12.5 pence per Ordinary Share to S Robinson and to purchase 250,000 Ordinary Shares at an exercise price of 12.5 pence per Ordinary Share to R Wigley.

S Robinson
Chairman of the Remuneration Committee
22 May 2020

Independent Auditor's Report to the members of Symphony Environmental Technologies plc

Opinion

We have audited the financial statements of Symphony Environmental Technologies plc (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 December 2019 which comprise the Consolidated Statement of Comprehensive Income, Consolidated Statement of Financial Position, the Consolidated Statement of Changes in Equity, the Consolidated Cash Flow Statement, the Company Statement of Financial Position, the Company Statement of Changes in Equity and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in the preparation of the group financial statements is applicable law and International Financial Reporting Standards (IFRSs) and, as regard to the parent company financial statements, as applied in accordance with applicable law and United Kingdom Accounting Standards, including FRS 101 "Reduced Disclosure Framework" (United Kingdom Generally Accepted Accounting Practice).

In our opinion:

- the financial statements give a true and fair view of the state of the group's and of the parent company's affairs as at 31st December 2019 and of the group's loss for the year then ended;
- the group financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union;
- the parent company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- the financial statements have been prepared in accordance with the requirements 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 company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to listed entities, 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.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the group's or parent company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) we identified, including those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

We summarise below the key audit matters in forming our audit opinion above, together with an overview of the principal audit procedures performed to address each matter and, where relevant, key observations arising from those procedures.

These matters, together with our findings, were communicated to those charged with governance through our Audit Completion Report.

Revenue recognition
Description of the Key Audit Matter The risk of fraud in revenue recognition is an ISA presumption and unless rebutted must be considered as a significant risk on all audits. For Symphony Environmental Technologies plc the revenues of the business are the primary focus of users of the financial statements, hence appropriate revenue recognition is considered to be a Key Audit Matter with a particular focus on the risk of incorrect application of year end cut off.
How we addressed this matter We addressed this risk by performing audit procedures which included, but were not limited to: • Performing analytical procedures, enquiry of management, and corroboration of explanations provided. • Obtaining and reviewing the revenue recognition policy to ensure they comply with the IFRS requirements. • Substantive sampling of revenue reported in the two weeks pre and post year end. We assessed the right to and timing of revenue by reference to shipment or delivery documentation depending on the specific contractual terms.
Audit conclusion On the basis of our audit procedures, we have not identified any misstatements in relation to revenue recognised in the financial statements.

Valuation of Right of Use Assets and Liabilities
Description of the Key Audit Matter The valuation of right of use assets and related liabilities on the adoption of IFRS 16 involves the application of management judgement, particularly in respect of the discount rate applied in calculations and the assessment of the impact of key lease terms. There is a risk that inappropriate judgement may lead to a material misstatement in the valuation. In addition, as this is the first year of implementation of IFRS 16, there is a risk that the disclosures are not as required by the standard.
How we addressed this matter We addressed this risk by performing audit procedures that included but were not limited to: • Reviewing the IFRS 16 judgements made by management for reasonableness. • Challenging the judgements applied to the discount rate selection by way of understanding the client's basis and source of evidence for them. • Performing sensitivity analysis on the rates to challenge the extent of fluctuation which could lead to material misstatement. • Agreeing key elements of lease terms to lease agreement documentation. • Created expectation of figures by recalculating based on the lease agreement terms • Reviewing the disclosures in the financial statements
Audit conclusion On the basis of our audit procedures, we have not identified any misstatements (including disclosure deficiencies) in the IFRS 16 valuation of right of use assets and liabilities as a result of the adoption of the standard in the financial statements.

Impact of COVID-19 on the financial statements
Description of Key Audit Matter Since the balance sheet date there has been a global pandemic from the outbreak of COVID-19. The potential impact of COVID-19 became significant in March 2020 and is causing widespread disruption to normal patterns of business activity across the world, including the UK. As the group trades internationally, the risk extends beyond the UK impact.

The directors' consideration of the impact on the financial statements are disclosed in Chief Executive's Review on page 6 and going concern assessment on page 21 . Whilst the situation is still evolving, based on the information available at this point in time, the directors have assessed the impact of COVID-19 on the business and have concluded that adopting the going concern basis of preparation is appropriate.

As per Note 23 to the financial statements, the directors have also concluded that COVID-19 is a non-adjusting post balance sheet event.

How we addressed this matter

We assessed the directors' conclusion that the matter be treated as a non-adjusting post balance sheet event and that adopting the going concern basis for preparation of the financial statements is appropriate. We considered:

- The timing of the development of the outbreak across the world and in the UK and in key countries for the group's suppliers and customers; and
- How the financial statements and business operations of the group might be impacted by the disruption.

In forming our conclusions over going concern, we evaluated how the directors' going concern assessment considered the impacts arising from COVID-19 as follows:

- We reviewed the directors' going concern assessment including COVID-19 implications based on a 'most likely' (base case) scenario and a 'reverse stress tested scenario' as approved by the board of directors on 21 May 2020. We made enquiries of directors to understand the period of assessment considered by directors, the completeness of the adjustments taken into account and implication of those when assessing the 'most likely' scenario and the 'reverse stress tested scenario' on the group's future financial performance;
- We evaluated the key assumptions in the 'base case' forecast and the 'reverse stress tested scenario' forecast and considered whether these appeared reasonable;
- We examined the minimum cash headroom under the 'base case' monthly cash flow forecasts as disclosed in the financial statements and evaluated whether the directors' conclusion that liquidity headroom remained in all events was reasonable; and
- We evaluated the adequacy and appropriateness of the directors' disclosure in respect of COVID-19 implications, in particular disclosures within principal risks & uncertainties, post balance sheet events and going concern.

Audit conclusion

Based on the work performed, we are satisfied that the matter has been appropriately reflected in the financial statements. Our conclusions on going concern are set out in the section headed "Conclusions relating to going concern" above.

Our application of materiality

The scope of our audit was influenced by our application of materiality. We set certain quantitative thresholds for materiality. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures on the individual financial statement line items and disclosures and in evaluating the effect of misstatements, both individually and on the financial statements as a whole. Based on our professional judgement, we determined materiality for the financial statements as a whole as follows:

Overall materiality	Group - £164,500 Parent company - £82,250
How we determined it	Group – 2% revenue Parent company– 5% net assets (capped at above due to group audit limits)
Rationale for benchmark applied	Turnover has been taken as the benchmark for materiality for the group as it is considered to be the primary focus of the

	shareholders as the group is still at an early stage of profit generation. Net assets was chosen as the basis for the parent company as it acts as the parent company of the group and does not trade.
Performance materiality	Performance materiality is set to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements in the financial statements exceeds materiality for the financial statements as a whole. The level of performance materiality applied is as follows: Group - £131,600 Parent company- £65,800
Reporting threshold	The reporting threshold is the materiality level below which audit differences would not be communicated those charged with governance. We agreed with the Board that we would report to them misstatements identified during our audit above the clearly trivial threshold as well as misstatements below that amount that, in our view, warranted reporting for qualitative reasons. The clearly trivial levels for the group are as follows: Group - £4,950 Parent company- £2,450

The range of financial statement materiality across components, audited to the lower of local statutory audit materiality and materiality capped for group audit purposes, was between £82,250 and £164,500 being all below group financial statement materiality.

An overview of the scope of our audit

As part of designing our audit, we determined materiality and assessed the risk of material misstatement in the financial statements. In particular, we looked at where the directors made subjective judgements such as making assumptions on significant accounting estimates.

We gained an understanding of the legal and regulatory framework applicable to the group and parent company, the structure of the group and the parent company and the industry in which it operates. We considered the risk of acts by the company which were contrary to the applicable laws and regulations including fraud. We designed our audit procedures to respond to those identified risks, including non-compliance with laws and regulations (irregularities) that are material to the financial statements.

We focused on laws and regulations that could give rise to a material misstatement in the financial statements, including, but not limited to, the Companies Act 2006.
We tailored the scope of our group audit to ensure that we performed sufficient work to be able to give an opinion on the financial statements as a whole. We used the outputs of a risk assessment, our understanding of the parent company and group's accounting processes and controls and its environment and considered qualitative factors in order to ensure that we obtained sufficient coverage across all financial statement line items.

Our tests included, but were not limited to, obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by irregularities including fraud or error, review of minutes of directors' meetings in the year and enquiries of management. As a result of our procedures, we did not identify any Key Audit Matters relating to irregularities, including fraud.

The risks of material misstatement that had the greatest effect on our audit, including the allocation of our resources and effort, are discussed under "Key audit matters" within this report.

Our group audit scope included an audit of the group and parent company financial statements of Symphony Environmental Technologies PLC. Based on our risk assessment, all entities within the group were subject to full scope audit and was performed by the group audit team.

At the parent level we also tested the consolidation process and carried out analytical procedures to confirm our conclusion that there were no significant risks of material misstatement of the aggregated financial information.

Other information

The directors are responsible for the other information. The other information comprises the information included in the Annual Report and Accounts 2019, 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 this regard.

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.

Matters on which we are required to report by exception

In light of the knowledge and understanding of the group and the parent company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report or the Directors' Report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you 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.

Responsibilities of Directors

As explained more fully in the directors' responsibilities statement set out on page 23, 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 Financial Reporting Council's website at www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of the audit 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.

Samantha Russell (Senior Statutory Auditor)

for and on behalf of Mazars LLP

Chartered Accountants and Statutory Auditor
The Pinnacle
160 Midsummer Boulevard
Milton Keynes
MK9 1FF

Date

Consolidated statement of comprehensive income
for the year ended 31 December 2019

	Note	2019 £'000	2018 £'000
Revenue	4	**8,225**	8,802
Cost of sales		**(4,450)**	(4,676)
Gross profit		**3,775**	4,126
Distribution costs		**(321)**	(210)
Administrative expenses		**(4,076)**	(3,852)
Operating (loss)/profit	5	**(622)**	64
Finance costs	7	**(75)**	(26)
(Loss)/profit for the year before tax		**(697)**	38
Taxation	8	**37**	10
(Loss)/profit for the year		**(660)**	48
Total comprehensive (loss)/income for the year		**(660)**	48
Basic earnings per share	9	**(0.41)p**	0.03p
Diluted earnings per share	9	**(0.41)p**	0.03p

All results are attributable to the parent company equity holders. There were no discontinued operations for either of the above periods.

The accompanying notes form an integral part of these annual report and accounts.

Consolidated statement of financial position
as at 31 December 2019

Company number 03676824

	Note	2019 £'000	2018 £'000
ASSETS			
Non-current			
Property, plant and equipment	10	**218**	254
Right-of-use assets	11	**637**	-
Intangible assets	12	**42**	34
		897	288
Current			
Inventories	14	**882**	623
Trade and other receivables	15	**2,335**	2,228
Cash and cash equivalents	16	**1,161**	374
		4,378	3,225
Total assets		**5,275**	3,513
EQUITY AND LIABILITIES			
Equity			
Equity attributable to shareholders of Symphony Environmental Technologies plc			
Ordinary shares	17	**1,700**	1,543
Share premium	17	**2,077**	333
Retained earnings	17	**(537)**	123
Total equity		**3,240**	1,999
Liabilities			
Non-current			
Lease liabilities	18	**509**	-
Current			
Lease liabilities	18	**122**	-
Borrowings	18	**283**	454
Trade and other payables	19	**1,121**	1,060
		1,526	1,514
Total liabilities		**2,035**	1,514
Total equity and liabilities		**5,275**	3,513

These annual report and accounts were approved by the Board of Directors on 22 May 2020 and authorised for issue on 22 May 2020. They were signed on its behalf by:

I Bristow FCCA
Chief Financial Officer

The accompanying notes form an integral part of these annual report and accounts.

Consolidated statement of changes in equity
for the year ended 31 December 2019

Equity attributable to the equity holders of Symphony Environmental Technologies plc:

	Share capital £'000	Share premium £'000	Retained earnings £'000	Total equity £'000
For the year to 31 December 2019				
Balance at 1 January 2019	1,543	333	123	1,999
Issue of share capital	157	1,744	-	1,901
Transactions with owners	157	1,744	-	1,901
Total comprehensive income for the year	-	-	(660)	(660)
Balance at 31 December 2019	**1,700**	**2,077**	**(537)**	**3,240**
For the year to 31 December 2018				
Balance at 1 January 2018	1,516	-	67	1,583
Issue of share capital	27	333	-	360
Share-based payments	-	-	8	8
Transactions with owners	27	333	8	368
Total comprehensive income for the year	-	-	48	48
Balance at 31 December 2018	**1,543**	**333**	**123**	**1,999**

The accompanying notes form an integral part of these annual report and accounts.

Consolidated cash flow statement
for the year ended 31 December 2019

	2019 £'000	2018 £'000
Cash flows from operating activities		
(Loss)/profit after tax	**(660)**	48
Adjustments for:		
Depreciation	**202**	81
Amortisation	**17**	16
(Profit)/loss on disposal of tangible assets	**(17)**	1
Share-based payments	**-**	8
Foreign exchange	**42**	(8)
Interest expense	**75**	26
Tax credit	**(37)**	(10)
Changes in working capital:		
Movement in inventories	**(259)**	(55)
Movement in trade and other receivables	**(164)**	(1,223)
Movement in trade and other payables	**76**	111
Net cash used in operations	**(725)**	(1,005)
R&D tax credit	**37**	10
Net cash used in operating activities	**(688)**	(995)
Cash flows from investing activities		
Additions to property, plant and equipment	**(50)**	(45)
Additions to intangible assets	**(25)**	(3)
Proceeds from sale of property, plant and equipment	**27**	-
Net cash used in investing activities	**(48)**	(48)
Cash flows from financing activities		
Movement in working capital facility	**(454)**	454
Repayment of lease capital	**(132)**	(2)
Proceeds from share issue	**1,901**	360
Lease interest paid	**(32)**	-
Bank and invoice finance interest paid	**(43)**	(26)
Net cash generated in financing activities	**1,240**	786
Net change in cash and cash equivalents	**504**	(257)
Cash and cash equivalents, beginning of year	**374**	631
Cash and cash equivalents, end of year	**878**	374
Represented by:		
Cash and cash equivalents (note 16)	**1,161**	374
Bank overdraft (note 18)	**(283)**	-
	878	374

The accompanying notes form an integral part of these annual report and accounts.

Notes to the Annual Report and Accounts

1 General information

Symphony Environmental Technologies plc (‘the Company’) and subsidiaries (together ‘the Group’) develop and supply environmental plastic additives and products to a global market.

The Company, a public limited company, is the Group’s ultimate parent company. It is incorporated and domiciled in England (Company number 03676824). The address of its registered office is 6 Elstree Gate, Elstree Way, Borehamwood, Hertfordshire, WD6 1JD, England. The Company’s shares are listed on the AIM market of the London Stock Exchange.

2 Basis of preparation and significant accounting policies

Basis of preparation

These consolidated annual report and accounts have been prepared in accordance with the requirements of International Financial Reporting Standards (IFRS) as adopted by the European Union.

These consolidated annual report and accounts have been prepared under the historical cost convention except as stated in the accounting policies. Financial information is presented in pounds sterling unless otherwise stated, and amounts are expressed in thousands (£’000) and rounded accordingly.

Changes to accounting policies during the year are detailed in ‘Standards and interpretations adopted during the year’ further in this note.

Consolidation

This consolidated annual report and accounts are made up to 31 December 2019.

All intra-group transactions, balances and unrealised gains on transactions between group companies are eliminated on consolidation. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Where necessary, adjustments are made to the annual report and accounts of subsidiaries to bring the accounting policies used into line with those used by other members of the Group.

Going concern

On the basis of current financial projections and available funds and facilities, the Directors are satisfied that the Group has adequate resources to continue in operational existence for the foreseeable future and, accordingly, continue to adopt the going concern basis in preparing the Group and Company financial statements. The operating loss for the year of £0.62 million was more than mitigated by the £1.9 million share subscription received during the year. The net current assets of the business therefore increased to £2.85 million from £1.71 million in 2018. Forecasts have been underpinned by Q1 2020 revenues of £2.45 million (2019 Q1: £1.60m).

The COVID-19 crises has so far had little impact on the Group with some minor cashflow and order delays in certain territories with the main markets continuing generally as expected. The Group’s products and markets are not negatively affected by the crises and on the contrary could strengthen as plastics are integral in food and human protection.

Revenue

- Plastic additives and finished products, and associated products

Revenue is stated at the fair value of the consideration receivable and excludes VAT and trade discounts.

The Group's revenue is from the sale of goods. Revenue from the sale of goods is recognised when all of the following conditions have been satisfied:

- *Identification of the contract* – Due to the nature of the goods sold, the Group effectively approves an implied contract with a customer when it accepts a purchase order from the customer.
- *Identification of the separate performance obligations in the contract* – The Group must fulfil the following obligations, which are agreed on acceptance of the purchase order:
  - To make the goods available for dispatch on the required date;
  - To organise freight in accordance with agreed INCOTERMs (a series of pre-defined commercial terms published by the International Chamber of Commerce).
- *Determine the transaction price of the contract* – The transaction price is determined as the fair value of the consideration the Group expects to receive on transfer of the goods. The price of the sale includes the goods price and the cost of the transport, if applicable.
- *Allocation of the transaction price to the performance obligations identified* – Sales prices are agreed with each customer and are not generally a fixed price per unit. The transport price will also vary across sales as it is based on quotes received from the Group's freight agents, as transport is charged at cost. Although the Group is effectively an agent in the provision of transport rather than the principal under IFRS 15, the transport cost is insignificant in the context of the overall sale price and therefore it is not netted out of revenue and cost;
- *Recognition of revenue when each performance obligation is satisfied* – Provided that the goods have been made available for dispatch on the required date, this performance obligation has been fulfilled and the revenue for this performance obligation is therefore recognised at this date. In respect to the freight element, the agreed INCOTERMs need to be satisfied. At this point, the Group recognises the revenue for this separate performance obligation.

Intangible assets

- Research and development costs

Expenditure on research (or the research phase of an internal project) is recognised as an expense in the period in which it is incurred. Development costs incurred on specific projects are capitalised when all the following conditions are satisfied:

- completion of the intangible asset is technically feasible so that it will be available for use or sale;
- the Group intends to complete the intangible asset and use or sell it;
- the Group has the ability to use or sell the intangible asset; and
- the intangible asset will generate probable future economic benefits.

Among other things, this requires that there is a market for the output from the intangible asset or for the intangible asset itself, or, if it is to be used internally, the asset will be used in generating such benefits;

- there are adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
- the expenditure attributable to the intangible asset during its development can be measured reliably.

Development costs not meeting the criteria for capitalisation are expensed as incurred.
The cost of an internally generated intangible asset comprises all directly attributable costs necessary to create, produce, and prepare the asset to be capable of operating in the manner intended by management. The nature of the Group's activities in the field of development work renders some internally generated intangible assets unable to meet the above criteria at present.

Amortisation commences upon completion of the asset and is shown within administrative expenses and is included at the following rate:

Plastic masterbatches and other additives - 15 years straight line.

Careful judgement by the Directors is applied when deciding whether the recognition requirements for development costs have been met. This is necessary as the economic success of any product development is uncertain and may be subject to future technical problems at the time of recognition. Judgements are based on the information available at each balance sheet date. All amounts disclosed within note 11 in development costs relate to plastic masterbatches and other additives.

- Trademarks

Trademarks represent the cost of registration and are carried at cost less amortisation. Amortisation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows:

Trademarks - 10 years straight line.

Property, plant and equipment

Property, plant and equipment are stated at cost, net of depreciation and any provision for impairment. The cost comprises of the purchase price of the asset plus directly attributable costs.

Depreciation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows:

Plant and machinery	- 20% reducing balance.
Fixtures and fittings	- 10% straight line.
Motor vehicles	- 25% reducing balance.
Office equipment	- 25% straight line.

The residual value and useful economic lives are reconsidered annually.

Impairment testing of intangible assets and property, plant and equipment

All individual assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of fair value, reflecting market conditions less costs to sell, and value in use based on an internal discounted cash flow evaluation. All assets are subsequently reassessed for indications that an impairment loss previously recognised may no longer exist.

Leased assets

Under IFRS 16, for any new contracts entered into on or after 1 January 2019, the Group considers whether a contract is, or contains a lease. A lease is defined as 'a contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration'. To apply this definition three key evaluations are assessed:

- whether the contract contains an identified asset, which is either explicitly identified in the contract or implicitly specified by being identified at the time the asset is made available to the Group
- whether the Group has the right to obtain substantially all of the economic benefits from use of the identified asset throughout the period of use, considering its rights within the defined scope of the contract
- whether the Group has the right to direct the use of the identified asset throughout the period of use. The Group assess whether it has the right to direct 'how and for what purpose' the asset is used throughout the period of use.

A right-of-use asset and a lease liability is recognised on the balance sheet at the lease commencement date. The right-of-use asset is measured at cost, which is made up of the initial measurement of the lease liability, any initial direct costs incurred, an estimate of any costs to dismantle and remove the asset at the end of the lease, and any lease payments made in advance of the lease commencement date (net of any incentives received).

Right-of-use assets are depreciated on a straight-line basis from the lease commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. Impairment is assessed when such indicators exist.

The lease liability is measured on commencement of the lease at the present value of the lease payments unpaid at that date, discounted using the Group's incremental borrowing rate.

Lease payments included in the measurement of the lease liability are made up of fixed payments included in the lease agreement and together with any in-substance fixed payments.

Subsequent to initial measurement, the liability will be reduced for payments made and increased for interest. It is remeasured to reflect any reassessment or modification, or if there are changes in in-substance fixed payments.

When the lease liability is remeasured, the corresponding adjustment is reflected in the right-of-use asset, or profit and loss if the right-of-use asset is already reduced to zero.

The date of initial application by the Group of IFRS 16 was 1 January 2019. The Group used the modified retrospective method and has therefore only recognised leases on the balance sheet as at 1 January 2019. In addition, the measurement of right-of-use assets has been calculated by reference to the lease liability as at 1 January 2019 which ensured that there was no material impact to net assets as at that date.

The value of recognised 'right-of-use asset' as at 1 January 2019 was £763,000. See notes 11 and 18.

The nature of the expenses related to those leases have also now changed from 1 January 2019 as IFRS 16 replaces the straight-line operating expense with a depreciation charge for right-of-use assets and interest expense on lease liabilities. During the year ended 31 December 2019, IFRS 16 resulted in a £37,000 increase in overall expenditure.

Inventories

Inventories are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items. Cost is determined on the basis of purchase value plus all directly attributable costs of bringing the inventory to the current location and condition, on a first-in first-out basis.

Employee costs

- Employee compensation

Employee benefits are recognised as an expense.

- Post employment obligations

The Group operates a defined contribution pension scheme for employees. The assets of the scheme are held separately from those of the Group. The pension costs charged against profits are the contributions payable to the scheme in respect of the accounting period.

Taxation

Current tax is the tax currently payable based on taxable profit for the year.

Deferred income taxes are calculated using the liability method on temporary differences. Deferred tax is generally provided on the difference between the carrying amounts of assets and liabilities and their tax bases. Tax losses available to be carried forward as well as other income tax credits to the Group are assessed for recognition as deferred tax assets, insofar as Group companies are entitled to UK tax credits on qualifying research and development expenditure, such amounts are presented in the income tax line within statement of comprehensive income.

Deferred tax liabilities are provided in full, with no discounting. Deferred tax assets are recognised to the extent that it is probable that the underlying deductible temporary differences will be able to be offset against future taxable income. Current and deferred tax assets and liabilities are calculated at tax rates that are expected to apply to their respective period of realisation, provided they are enacted or substantively enacted at the balance sheet date.

Changes in deferred tax assets or liabilities are recognised as a component of tax expense in profit or loss, except where they either relate to items that are charged or credited directly to equity in which case the related deferred tax is also charged or credited directly to equity, or where they relate to items charged or credited in other comprehensive income the deferred tax change is recognised in other comprehensive income.

Foreign currencies

Monetary assets and liabilities in foreign currencies are translated into Sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into Sterling at the rate of exchange ruling at the date of the transaction. Exchange differences are taken into account in arriving at the operating result. The Group uses derivatives such as forward rate agreements to mitigate its current or future positions against foreign exchange rate risks. These derivatives are measured at fair value, determined by reference to observable market prices at the reporting date.

Financial assets

The Group classifies all of its financial assets measured at amortised cost. Financial assets do not comprise prepayments. Management determines the classification of its financial assets at initial recognition.

These assets arise principally from the provision of goods and services to customers (e.g. trade receivables), but also incorporate other types of financial assets where the objective is to hold their assets in order to collect contractual cash flows and the contractual cash flows are solely payments of the principal and interest. They are initially recognised at fair value plus transaction costs that are directly attributable to their acquisition or issue, and are subsequently carried at amortised cost using the effective interest rate method, less provision for impairment.

Impairment provisions are recognised based on the simplified approach within IFRS 9 using the lifetime expected credit losses. During this process the probability of the non-payment of the trade receivables is assessed. This probability is then multiplied by the amount of the expected loss arising from default to determine the lifetime expected credit loss for the trade receivables. For trade receivables, which are reported net; such provisions are recorded in a separate provision account with the loss being recognised within administrative expenses in the consolidated statement of comprehensive income. On confirmation that the trade receivable will not be collectable, the gross carrying value of the asset is written off against the associated provision.

The Group's financial assets held at amortised cost comprise trade and other receivables and cash and cash equivalents in the consolidated statement of financial position.

The Group has an invoice financing facility whereby it transfers the rights to the cash flows from the related receivables to a third party but retains the credit risk by providing a guarantee. As the Group does not transfer substantially all the risks and rewards of the receivables, no derecognition of financial assets is required.

- Cash and cash equivalents

Cash and cash equivalents comprise cash in hand and other short-term, highly liquid deposits that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value.

Financial liabilities

The Group classifies its financial liabilities in the category of financial liabilities at amortised cost. All financial liabilities are recognised in the statement of financial position when the Group becomes a party to the contractual provision of the instrument.

Financial liabilities measured at amortised cost include:

- Trade payables and other short-dated monetary liabilities, which are initially recognised at fair value and subsequently carried at amortised cost using the effective interest rate method.
- Bank and other borrowings are initially recognised at fair value net of any transaction costs directly attributable to the issue of the instrument. Such interest-bearing liabilities are subsequently measured at amortised cost using the effective interest rate method, which ensures that any interest expense over the period to repayment is at a constant rate on the balance of the liability carried in the consolidated statement of financial position. For the purposes of each financial liability, interest expense includes initial transaction costs and any premium payable on redemption, as well as any interest or coupon payable while the liability is outstanding.

Unless otherwise indicated, the carrying values of the Group's financial liabilities measured at amortised cost represents a reasonable approximation of their fair values.

Equity settled share-based payments

All share-based payment arrangements granted after 7 November 2002 that had not vested prior to 1 January 2007 are recognised in the annual report and accounts.

All goods and services received in exchange for the grant of any share-based payment are measured at their fair values. Where employees are rewarded using share-based payments, the fair values of the instrument granted are determined using the Black-Scholes model. This fair value is appraised at the grant date. The fair value is charged to statement of comprehensive income between the date of issue and the date the share options vest with a corresponding credit taken to equity.

Equity

Equity comprises the following:

- "Share capital" represents the nominal value of equity shares;
- "Share premium" represents the excess over nominal value of the fair value of consideration received for equity shares, net of expenses of the share issue and after capital reduction; and
- "Retained earnings" represents non-distributed reserves.

Standards and interpretations adopted during the year

At the date of authorisation of these annual report and accounts, certain new standards, amendments and interpretations to existing standards became effective, as they had not been previously adopted by the Group.

Information on new standards, amendments and interpretations that are relevant to the Group's annual report and accounts is provided below. Certain other new standards and interpretations have been issued but are not expected to have a material impact on the Group's annual report and accounts.

IFRS 16 'Leases'

IFRS 16 which requires lessees to account for leases 'on-balance sheet' by recognising a 'right-of-use' asset together with its respective lease liability was adopted on 1 January 2019.

Other new effective Standards and interpretations with no material impact to the Group

The following new and amended standards became effective during the current year and have not had a material impact on the Group's/Company's financial statements:

- Amendments to IFRS 9 Prepayment Features with Negative Compensation (effective 1 January 2019)
- Amendments to IAS 28: Long-term Interests in Associates and Joint Ventures (effective 1 January 2019)
- Annual Improvements to IFRSs 2015-2018 Cycle (IFRS 3 Business Combinations and IFRS joint Arrangements, IAS 12 Income Taxes, and IAS 23 Borrowing Costs) (effective 1 January 2019)

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 IFRS Standards that have been issued but are not yet effective.

IFRIC 23 'Uncertainty over Income Tax Positions'

IFRIC 23 clarifies how to recognise and measure current and deferred income tax assets and liabilities when there is uncertainty over income tax treatments.

Other

The Group does not expect any other standards issued by the IASB, but not yet effective, to have a material impact on the group.

3 Significant accounting estimates and judgements

Estimates and judgements are evaluated continually and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Although these estimates are based on management's best knowledge of current events and actions, actual results may ultimately differ from those actions. Material changes to the estimates and judgements made in the preparation of the interim statements are detailed in the notes.

In preparing these accounts the following areas were considered to involve significant estimates:

- Capitalisation of development costs

Estimates and related judgements in respect to the capitalisation of development costs are detailed in note 2. In particular, estimates are made in respect to future economic benefits based on market judgements at the time and over attributable internal staff time allocated to each product.

- Recoverability of capitalised development cost

Estimates and related judgements in respect to capitalised development costs are detailed in note 11. In particular, estimates are continued to be made in respect to future economic benefits and any changes to market conditions.

- Share option judgements

Estimates and related judgements in respect to share-based payment charges are detailed in note 2. Estimates are made on the fair value of the option using the Black-Scholes model.

- Going concern

Estimates and related judgements in respect to going concern are detailed in note 2. In particular, estimates are made as to future revenues expectations which derive cash flow projections.

- Expected credit losses (ECLs)

Expected credit losses are shown in note 15. ECLs are determined based on historical data available to management in addition to forward looking information utilising management knowledge. Adequate information exists to support the recoverability of the net receivables balance.

- Functional currency

A significant proportion of the revenues generated by entities within the group are denominated in United States Dollars (USD). The functional currency of the Company and of all individual entities within the Group has been determined to be Sterling. Identification of functional currencies requires a judgement as to the currency of the primary economic environment in which the companies of the Group operate. This is based on analysis of the economic environment and cash flows of the subsidiaries of the Group, which has determined, based upon the currency of funding and operating costs, that the functional currency continues to be Sterling.

In preparing these accounts the following areas were considered to involve significant judgements:

- Recognition of deferred tax assets

Judgements and estimates relating to a deferred tax asset are detailed in note 2. In particular, estimates are made as to future revenues which derive profit and loss projections. However, management does not consider it appropriate to recognise a deferred tax asset where there is uncertainty over the amount of future profits.

4 Segmental information

The Board has reviewed the requirements of IFRS 8 "Operating Segments", including consideration of what results and information the Board reviews regularly to assess performance and allocate resources, and concluded that all revenue falls under a single business segment. The Directors consider the business does not have separate divisional segments as defined under IFRS 8. The Board assesses the commercial performance of the business based upon a single set of revenues, margins, operating costs and assets.

The revenues of the Group are divided in the following geographical areas:

Geographical area	**2019 £'000**	2018 £'000
UK	**315**	417
Europe	**930**	1,281
Americas	**3,254**	3,414
Middle East and Africa	**2,480**	2,472
Asia	**1,246**	1,218
Total	**8,225**	8,802

Revenues attributable to the above geographical areas are made on the basis of final destination of the customer to which the goods are sold. All revenue is of the same nature, timing and uncertainty and so the Directors have not provided a further disaggregation of the revenue beyond the segmental analysis provided above. Returns are credited to revenue on receipt of the original goods if returned. Credits are also made to revenue on agreement of a dispute where goods are not returned. Payments are made by customers either before or after satisfaction of performance obligations depending on the credit risk associated with customer. Payments made before satisfaction of performance obligations are disclosed as a liability in accounts payable in the financial statements. If the satisfaction of performance obligation is made before payment, then the value is included in accounts receivable until extinguished by the payment. Significant judgements are made in the timing of performance obligations.

Non-current assets of £20,000 are held outside of the UK (2018: £20,000).

Major customers

There was one customer that accounted for greater than 10% of total Group revenues for 2019 (2018: one customer). In 2019 one customer accounted for £2,222,000 or 27% (2018: £2,235,000 or 25%) of total group revenues. The Group promotes it products through a global network of distributors and aims to generate revenues from as many sources as practicable.

5 Operating (loss)/profit

The operating (loss)/ profit is stated after charging:

	2019 £'000	2018 £'000
Depreciation – property,plant and equipment	**76**	81
Depreciation – right-of-use assets	**126**	-
Amortisation	**17**	16
(Profit)/loss on disposal of property, plant and equipment	**(17)**	1
Research and development expenditure not capitalised	**627**	664
Operating lease rentals:		
Land and buildings	**-**	114
Plant and equipment	**-**	12
Fees payable to the Company's auditor:		
Audit related services:		
Audit of the annual report and accounts	**11**	11
Audit of the annual report and accounts of the Company's subsidiaries	**15**	15
Non-audit related services:		
Other assurance related services	**5**	11
Tax compliance services	**6**	9
Net foreign exchange loss	**67**	30

6 Directors and employees

Staff costs (including directors) during the year comprise:

	2019 £'000	2018 £'000
Wages and salaries	**1,606**	1,530
Social security costs	**178**	210
Share-based payments	**-**	8
Other pension costs	**69**	65
	1,853	1,813

Average monthly number of people (including directors) by activity:

	2019	2018
R&D, testing and technical	**9**	9
Selling	**6**	6
Administration	**10**	10
Management	**7**	7
Marketing	**3**	2
Total average headcount	**35**	34

Remuneration in respect of the Directors was as follows:

	2019 £'000	2018 £'000
Emoluments	**563**	577
	563	577

Key management remuneration:

	2019 £'000	2018 £'000
Short-term employee benefits	**563**	569
Share-based payments	**-**	8
	563	577

The Directors are considered to be the key management personnel of the Group. Further details on Directors' remuneration and share options are set out in the Remuneration Committee Report.

7 Finance costs

	2019 £'000	2018 £'000
Interest expense:		
Bank and invoice finance borrowings	**43**	26
Lease interest (right-of-use assets)	**32**	-
Total finance costs	**75**	26
Net finance costs	**75**	26

8 Taxation

	2019 £'000	2018 £'000
R&D tax credit	**37**	10
Total income tax credit	**37**	10

No tax arises on the (loss)/profit for the year.

The tax assessed for the year is different from the standard rate of corporation tax in the UK of 19% (2018: 19%).The differences are explained as follows:

	2019 £'000	2018 £'000
(Loss)/profit for the year before tax	**(697)**	38
Tax calculated by rate of tax on the result		
Effective rate for year at 19% (2018: 19%)	**(132)**	7
Expenses not deductible for tax purposes	**3**	13
Expenses not taxable	**(24)**	-
Fixed asset related timing differences	**24**	3
R&D tax relief	**(49)**	(58)
Share scheme deduction	**-**	(6)
Short term timing differences	**69**	3
Losses carried forward	**-**	1
R&D tax credit not yet recognised	**109**	37
R&D tax credit in respect of previous periods	**(37)**	(10)
Total income tax credit	**(37)**	(10)

Symphony Environmental Limited continues to undertake research and development work which results in a research and development tax credit being made repayable to the company by HMRC in exchange for tax losses surrendered by the company at a tax rate of 14.5%. As in prior years, the group has chosen to recognise such cash tax credits in its financial statements, once the relevant research and development claim has been accepted and repaid by HMRC. Usually this is shortly after the submission of the company's tax return. The cash tax credit of £37,000 shown above relates to a repayment made by HMRC in relation to the year ended 31 December 2018 (£10,000 relates to the year ended and 31 December 2017).

In calculating the overall tax charge for the Group for the period, Symphony Environmental Limited has provisionally included a portion of the anticipated research and development claim for year ended 31 December 2019 to increase the trading losses made available for surrender to Symphony Environmental Technologies Plc as group relief. In doing so, the overall current year tax charge for the Group for the period has been reduced to £nil. Symphony Environmental Limited intends to surrender any remaining trading losses, not claimed as group relief, in exchange for a cash tax credit. The Group expects to be able to recognise this cash tax credit within next year's financial statements once this is repaid.

The recognition of the deferred tax asset is based on sensitising management forecasts to estimate the future taxable profits against which the losses will be relieved. Judgements have been made in respect to profitability going forward based upon current sales leads and market receptiveness to anticipated product launches.

The Group has not recognised a deferred tax asset in respect of losses available for use against future taxable profits due to uncertainties on timing. The Group has tax losses of approximately £16,515,000 (2018: £16,152,000). These tax losses have no expiry date. The unrecognised deferred tax asset in respect of these losses based on latest profit projections is approximately £2,807,000 (2018: £2,745,000).

These brought forward losses are subject to the new loss restriction rules introduced on 1 April 2017. Groups with more than £5m taxable profits per annum will only be able to utilise 50% of their brought forward losses against taxable profits exceeding the £5m cap. As Symphony does not expect its taxable profits to exceed £5m in the near to immediate term, it is not possible to quantify the impact of these changes at this moment in time.

The main rate of corporation tax was reduced from 20% to 19% from 1 April 2017, and remains unchanged. A further reduction in the UK corporation tax rate was substantively enacted on 6 September 2016 reducing the headline corporation tax rate from 18% to 17% applicable from 1 April 2020.

The Group also has gross fixed assets of £110,000 (2018: £104,000) which give rise to a deferred tax liability of £30,000 (2018: £18,000). Other gross temporary timing differences of £27,000 (2018: £37,000) give rise to a deferred tax asset of £5,000 (2018: £6,000). The net deferred tax liability of £22,000 (2018: £11,000) is sheltered by the unrecognised deferred tax asset in respect of losses.

9 Earnings per share and dividends

The calculation of basic earnings per share is based on the (loss)/profit attributable to ordinary shareholders divided by the weighted average number of shares in issue during the year. The calculation of diluted earnings per share is based on the basic earnings per share, adjusted to allow for the issue of shares on the assumed conversion of all dilutive options and warrants.

Reconciliations of the profit and weighted average numbers of shares used in the calculations are set out below:

Basic and diluted	**2019**	2018
(Loss)/profit attributable to equity holders of the Company	**£(660,000)**	£48,000
Weighted average number of ordinary shares in issue	**160,085,762**	152,877,898
Basic earnings per share	**(0.41) pence**	0.03 pence
Dilutive effect of weighted average options and warrants	**5,338,811**	9,585,716
Total of weighted average shares together with dilutive effect of weighted options- see below	**160,085,762**	162,463,614
Diluted earnings per share	**(0.41) pence**	0.03 pence

No dividends were paid for the year ended 31 December 2019 (2018: £nil).

The effect of options and warrants for the year ended 31 December 2019 are anti-dilutive.

A total of 24,826,500 options and warrants were outstanding at the end of the year which may become dilutive in future years.

10 Property, plant and equipment

Year ended 31 December 2019	Plant & Machinery £'000	Fixtures & Fittings £'000	Motor Vehicles £'000	Office Equipment £'000	Total £'000
Cost					
At 1 January 2019	430	296	31	91	848
Additions	27	-	-	23	50
Disposals	(13)	-	-	-	(13)
At 31 December 2019	**444**	**296**	**31**	**114**	**885**
Depreciation					
At 1 January 2019	285	223	24	62	594
Charge for the Year	31	30	2	13	76
Disposals	(3)	-	-	-	(3)
At 31 December 2019	**313**	**253**	**26**	**75**	**667**
Net Book Value					
At 31 December 2019	**131**	**43**	**5**	**39**	**218**
At 31 December 2018	145	73	7	29	254

Year ended 31 December 2018	Plant & Machinery £'000	Fixtures & Fittings £'000	Motor Vehicles £'000	Office Equipment £'000	Total £'000
Cost					
At 1 January 2018	417	291	31	104	843
Additions	19	5	-	21	45
Disposals	(6)	-	-	(34)	(40)
At 31 December 2018	**430**	**296**	**31**	**91**	**848**
Depreciation					
At 1 January 2018	256	194	22	80	552
Charge for the Year	35	29	2	15	81
Disposals	(6)	-	-	(33)	(39)
At 31 December 2018	**285**	**223**	**24**	**62**	**594**
Net Book Value					
At 31 December 2018	**145**	**73**	**7**	**29**	**254**
At 31 December 2017	161	97	9	24	291

11 Right-of-use assets

Year ended 31 December 2019	Land & buildings £'000	Office Equipment £'000	Total £'000
Cost			
At 1 January 2019	-	-	-
Additions	707	56	763
At 31 December 2019	**707**	**56**	**763**
Depreciation			
At 1 January 2019	-	-	-
Charge for the Year	112	14	126
At 31 December 2019	**112**	**14**	**126**
Net Book Value			
At 31 December 2019	**595**	**42**	**637**
At 31 December 2018	-	-	-

Right-of-use assets are assets used by the business under operating lease agreements and accounted for under IFRS 16. The resultant lease liability is included in borrowings. See note 18.

12 Intangible assets

Year ended 31 December 2019	Development costs £'000	Trademarks £'000	Total £'000
Cost			
At 1 January 2019	1,973	76	2,049
Additions	-	25	25
At 31 December 2019	**1,973**	**101**	**2,074**
Amortisation			
At 1 January 2019	222	20	242
Charge for the Year	12	5	17
At 31 December 2019	**234**	**25**	**259**
Impairment			
At 1 January 2019	1,728	45	1,773
At 31 December 2019	**1,728**	**45**	**1,773**
Net Book Value			
At 31 December 2019	**11**	**31**	**42**
At 31 December 2018	23	11	34

Development costs are capitalised in accordance with the policy set out in note 2. In capitalising these costs, judgements are made relating to ongoing feasibility and commerciality of products and systems being developed. In making these judgements, cash flow forecasts are used and these include significant estimates in respect to sales forecasts and future foreign exchange rates. The amortisation charge is included within administrative expenses in the statement of comprehensive income. Development costs include in the net book value of £11,000 (2018: £23,000) have one year of amortisation remaining as at 31 December 2019 (2018: two years).

Year ended 31 December 2018	Development costs £'000	Trademarks £'000	Total £'000
Cost			
At 1 January 2018	1,973	85	2,058
Additions	-	3	3
Disposals	-	(12)	(12)
At 31 December 2018	**1,973**	**76**	**2,049**
Amortisation			
At 1 January 2018	211	27	238
Charge for the Year	11	5	16
Disposals	-	(12)	(12)
At 31 December 2018	**222**	**20**	**242**
Impairment			
At 1 January 2018	1,728	45	1,773
At 31 December 2018	**1,728**	**45**	**1,773**
Net Book Value			
At 31 December 2018	**23**	**11**	**34**
At 31 December 2017	34	13	47

13 Subsidiary undertakings

Name	Country of incorporation	Nature of business	Proportion of ordinary shares held by parent	Proportion of ordinary shares held by the Group
Symphony Environmental Limited	England and Wales	Development and supply of environmental plastic additives and products	100%	100%
D2W Limited	England and Wales	Dormant	0%	100%
Symphony Recycling Technologies Limited	England and Wales	Dormant	100%	100%
Symphony Energy Limited	England and Wales	Dormant	100%	100%

All of the above subsidiaries are consolidated in the Group annual report and accounts. The above companies have their registered offices at 6 Elstree Gate, Elstree Way, Borehamwood, WD6 1JD.

14 Inventories

	2019 £'000	2018 £'000
Finished goods and goods for resale	**539**	372
Stock in transit	**42**	-
Raw materials	**301**	251
	882	623

The cost of inventories recognised as an expense and included in 'cost of sales' amounted to £3,869,000 (2018: £3,997,000). There is a provision of £15,000 for the impairment of inventories (2018: £7,500).

There is no collateral on the above amounts.

15 Trade and other receivables

	2019 £'000	2018 £'000
Trade receivables	**2,041**	1,978
Other receivables	**111**	38
VAT	**37**	58
Prepayments	**146**	154
	2,335	2,228

The Directors consider that the carrying value of trade and other receivables approximates to their fair values.

Symphony Environmental Technologies plc applies the IFRS 9 simplified approach to measuring expected credit losses (ECL) which uses a lifetime expected loss allowance for all trade receivables. The ECL balance has been determined based on historical data available to management in addition to forward looking information utilising management knowledge. Based on the analyses performed, management expect that all balances will be recovered.

Trade receivables are amounts due from customers for goods sold or services performed in the ordinary course of business. They are generally due for settlement within 120 days and therefore are all classified as current. The majority of trade and other receivables are non-interest bearing. Where the effect is material, trade and other receivables are discounted using discount rates which reflect the relevant costs of financing.

The maximum credit risk exposure at the balance sheet date equates to the carrying value of trade receivables. Further disclosures are set out in note 22.

Trade receivables are secured against the facilities provided by the Group's bankers.

Included in trade receivables are debtors which are past due but where no provision has been made as there has not been a change in the credit worthiness of these debtors and the amounts are considered recoverable. The ageing analysis of debt taking into account credit terms is shown below.

Days past due	0 - 30 £'000	31-60 £'000	61-90 £'000	91-120 £'000	>120 £'000	Total Gross £'000	ECL £'000	Total Net £'000
31 December 2019	**1,713**	**252**	**72**	**-**	**25**	**2,062**	**(21)**	**2,041**
31 December 2018	1,871	66	39	-	27	2,003	(25)	1,978

16 Cash and cash equivalents

	2019 £'000	2018 £'000
Cash at bank and in hand	**1,114**	374
Invoice finance facility surplus	**47**	-
	1,161	374

The carrying amount of cash equivalents approximates to their fair values.

17 Equity

	Group and Company			Group	
	Ordinary shares Number	Ordinary shares £'000	Share premium £'000	Retained earnings £'000	Total £'000
At 1 January 2019	154,344,377	1,543	333	123	1,999
Issue of share capital	15,681,900	157	1,744	-	1,901
Loss for the year	-	-	-	(660)	(660)
At 31 December 2019	**170,026,277**	**1,700**	**2,077**	**(537)**	**3,240**
At 1 January 2018	151,614,377	1,516	-	67	1,583
Issue of share capital	2,730,000	27	333	-	360
Capital reduction	-	-	-	8	8
Profit for the year	-	-	-	48	48
At 31 December 2018	**154,344,377**	**1,543**	**333**	**123**	**1,999**

During the year the Company issued 15,681,900 Ordinary Shares (2018: 2,730,000 ordinary shares) for a net consideration of £1,901,000 (2018: £360,000).

Share options and warrants

As at 31 December 2019 the Group maintained an approved share-based payment scheme for employee compensation. All share-based employee compensation will be settled in equity. The Group has no legal or constructive obligation to repurchase or settle the options. As at 31 December 2019 there were 1,225,000 approved staff options outstanding. No approved staff options were issued in 2019.

The Group has also issued unapproved share options and warrants. The weighted average exercise price of all of the Group's options and warrants are as follows:

	Number	**2019 Weighted average exercise price £**	Number	2018 Weighted average exercise price £
Outstanding at 1 January	**14,351,500**	**0.07**	15,781,500	0.07
Granted	**11,750,000**	**0.21**	1,850,000	0.16
Exercised	**(225,000)**	**0.02**	(2,730,000)	0.13
Lapsed	**(1,050,000)**	**0.14**	(550,000)	0.05
Outstanding at 31 December	**24,826,500**	**0.09**	14,351,500	0.07

The weighted average exercise price of options exercised in 2019 was 2p (2018: 13p).
The number of share options and warrants exercisable at 31 December 2019 was 24,826,500 (2018: 14,351,500). The weighted average exercise price of those shares exercisable was 9p (2018: 7p).

The weighted average option and warrant contractual life is six years (2018: seven years) and the range of exercise prices is 4.5p to 25p (2018: 2.375p to 25p).

Directors

Directors' interests in shares and share incentives are contained in the Remuneration Committee Report on page 26.

IFRS2 expense

The IFRS 2 share-based payment charge for the year is £nil (2018: £8,000).

For 2018, the Black-Scholes model was used for calculating the cost of staff options. The model inputs for each of the options issued were:

Grant date	6 April 2019
Share price at grant date	20.25p
Exercise price	20.25p
Risk free rate	3.5%
Expected volatility	12.49%
Contractual life	3 years

Share prices at grant date were based on the observable market price of the Group's share price, using the closing market price of the Group's share price the day before the options were granted. Volatility was based on the Company's share price data over a previous 15 month period.

18 Borrowings

	2019 £'000	2018 £'000
Non-current		
Leases	**509**	-
Current		
Bank overdraft	**283**	-
Other loans	**-**	454
Leases	**122**	-
	405	454
Total	**914**	454

Other loans include relate to an amount due relating to the invoice financing facility totalling £nil (2018: £454,000). The invoice finance facility was not utilised as at 31 December 2019. Interest is charged at 2.20% over HSBC Bank plc base rate per annum.

Bank overdrafts are offset against cash surplus' with the net position having to remain above zero. The above overdraft relates to US Dollars and kept for hedging purposes as at the year end. Interest is charged on overdrafts at 5% above the host countries currency base rate.

The bank overdraft and invoice finance facility are secured by a fixed and floating charge over the Group's assets.

Leases – IFRS 16

IFRS 16 requires lessees to account for leases 'on-balance sheet' by recognising a 'right-of-use' asset together with its respective lease liability. The date of initial application by the Group was 1 January 2019. The Group used the modified retrospective method and has therefore only recognised leases on the balance sheet as at 1 January 2019. In addition, the measurement of right-of-use assets has been calculated by reference to the lease liability as at 1 January 2019 which ensured that there was no material impact to net assets as at that date.

The value of recognised 'right-of-use asset' as at 1 January 2019 was £763,000.

Reconciliation of transition to IFRS 16

	£'000
Operating lease commitments stated as at 31 December 2018 (Note 20 b)	**860**
Effect of discounting (at incremental borrowing rate as at 1 January 2019)	**(112)**
Lease liabilities as at 1 January 2019	**748**
Other costs on creation of right-of-use assets	**15**
Right-of-asset cost addition as at 1 January 2019 (note 11)	**763**

The Group's leasing activities are detailed in the table below:

Right-of-use asset	Number of assets leased	Remaining term
Head office	1	5 – 6 years
Office equipment	2	2 – 3 years

The weighted average discount rate on initial application was 4.3%.

None of the above leases has a remaining option extension, option to purchase or termination option. Under the terms of the lease, the Head office rent is to be re-negotiated during 2020 with reference to current market rentals.

The maturity of lease liabilities are as follows:

	2019 £'000	2018 £'000
No later than one year	**122**	-
Later than one year and no later than five years	**509**	-
	631	-

During the year the Group had no other leases other than those included above.

The following lease payments were made during the year:

	2019 £'000	2018 £'000
Lease capital	**132**	-
Lease interest	**32**	-
Total cash outflows	**164**	-

Reconciliation of liabilities arising from financing activities

For the year ended 31 December 2019

	1 January 2019 £'000	Cash flows £'000	Non-cash changes £'000	31 December 2019 £'000
Working capital facility	454	(454)	-	-
Bank overdraft	-	283	-	283
Leases	-	(117)	748	631
Issue of shares	1,876	1,901	-	3,777
Total liabilities from financing activities	**2,330**	**1,613**	**748**	**4,691**

For the year ended 31 December 2018

	1 January 2018 £'000	Cash flows £'000	Non-cash changes £'000	31 December 2018 £'000
Working capital facility	-	454	-	454
Movement in finance lease liability	2	(2)	-	-
Issue of shares	1,516	360	-	1,876
Total liabilities from financing activities	**1,518**	**812**	**-**	**2,330**

19 Trade and other payables

Current	2019 £'000	2018 £'000
Financial liabilities measured at amortised cost:		
Trade payables	**880**	906
Other payables	**14**	5
Social security and other taxes	**55**	58
Accruals	**172**	91
	1,121	1,060

Trade payables and accruals principally comprise amounts outstanding for trade purchases and ongoing costs. The average credit period taken for trade purchases is 69 days (2018: 64 days). The Group has financial risk management policies in place to ensure that all payables are paid within the pre-agreed credit terms.

The Directors consider that the carrying value of trade and other payables approximate to their fair value.

20 Commitments and contingencies

a) Capital commitments

The Group had capital commitments totalling £nil at the end of the year (2018: £nil).

b) Operating lease commitments

The future aggregate minimum lease payments under non-cancellable operating leases are as follows:

	2019 £'000	2018 £'000
No later than one year	**-**	149
Later than one year and no later than five years	**-**	579
Greater than five years	**-**	132
	-	860

Under IFRS16, from 1 January 2019 operating lease commitments are included within leases in note 18.

c) Contingent liabilities

The Group had contingent liabilities totalling of £nil at the end of the year (2018: £nil).

21 Related party transactions

Included in other receivables is an amount of £nil (2018: £1,000) owed by The Oxo–Biodegradable Plastics Association, a not for profit company limited by guarantee, in which Symphony Environmental Technologies plc is a person of significant control. The amount of £nil (2018: £1,000) is unsecured and settlement will be in cash.

22 Financial Instruments

Classification and measurement

The Group's financial assets and liabilities, which are all held at amortised cost, are summarised as follows:

	2019 £'000	2018 £'000
Financial assets:		
Trade receivables	**2,041**	1,978
Other receivables	**124**	38
Cash and cash equivalents	**1,161**	374
	3,326	2,390
Financial liabilities:		
Trade payables	**880**	906
Other payables	**14**	5
Accruals	**172**	91
Bank overdraft	**283**	-
Other loans	**-**	454
Leases	**631**	-
	1,980	1,456

Risk management

The main risks arising from the Group's financial instruments are liquidity risk, interest rate risk, currency risk and credit risk. The Directors review and agree policies for managing each of these risks and they are summarised below. These policies have remained unchanged from previous years.

Liquidity risk

The Group seeks to manage financial risk to ensure financial liquidity is available to meet foreseeable needs and to invest cash assets safely and profitability. Short term flexibility is achieved through trade finance arrangements and overdrafts.
Having reviewed the maturity of financial liabilities and the forecast cash flows for the forthcoming twelve month period, the Directors believe that sufficient cash will be generated from trading operations to meet debt obligations as they fall due.

The maturity of financial liabilities as at 31 December 2019 is summarised as follows:

Gross cash flows:	**Trade and other payables and accruals £'000**	**Leases £'000**	**Bank overdraft & other loans £'000**	**Total £'000**
Zero to sixty days	1,066	20	283	1,369
Sixty one days to three months	-	10	-	10
Four months to six months	-	30	-	30
Seven months to one year	-	61	-	61
Two to three years	-	240	-	240
Four to five years	-	270	-	270
	1,066	**631**	**283**	**1,980**

The maturity of financial liabilities as at 31 December 2018 is summarised as follows:

Gross cash flows:	Trade and other payables and accruals £'000	Leases (right-of-use assets) £'000	Bank overdraft & other loans £'000	Total £'000
Zero to sixty days	1,002	-	454	1,456
	1,002	**-**	**454**	**1,456**

Interest rate risk

The Group seeks to reduce its exposure to interest rate risk where possible, but this is offset by the availability of trade finance arrangements which are transaction specific to meet liquidity needs and so have variable interest rate terms.

Sensitivities have been looked at in the range of an absolute rate increase of 5% or a decrease of 1% which enable an objective calculation to be made depending on any interest rate changes in the future. Any rate changes would be outside the control of the Group.

The Group's exposure to interest rate risk as at 31 December 2019 is summarised as follows:

	Fixed £'000	Variable £'000	Zero £'000	Total £'000
Cash and cash equivalents	-	1,161	-	1,161
Trade receivables	-	-	2,041	2,041
Other debtors	-	-	124	124
	-	**1,161**	**2,165**	**3,326**
Trade payables	-	-	(879)	(879)
Other payables	-	-	(14)	(14)
Leases	(631)	-	-	(631)
Other loans	-	(283)	-	(283)
	(631)	**878**	**1,272**	**1,519**
Sensitivity: increase in interest rates of 5%		44		44
Sensitivity: decrease in interest rates of 1%		(8)		(8)

The Group's exposure to interest rate risk as at 31 December 2018 is summarised as follows:

	Fixed £'000	Variable £'000	Zero £'000	Total £'000
Cash and cash equivalents	-	374	-	374
Trade receivables	-	-	1,978	1,978
Other debtors	-	-	38	38
	-	**374**	**2,016**	**2,390**
Trade payables	-	-	(906)	(906)
Other payables	-	-	(5)	(5)
Other loans	-	(454)	-	(454)
	-	**(80)**	**1,105**	**1,025**
Sensitivity: increase in interest rates of 5%		(4)		(4)
Sensitivity: decrease in interest rates of 1%		1		1

Sensitivity shows the effect on equity and statement of comprehensive income.

Currency risk

The Group operates in overseas markets and is subject to currency exposure on transactions undertaken during the year. The Group hedges the transactions where possible by buying goods and selling them in the same currency. The Group also has bank facilities available for hedging purposes.

A summary of foreign currency financial assets and liabilities as stated in the statement of financial position together with a sensitivity analysis showing the effect of a 10% change in rate with Sterling is shown below:

	Currency	Sterling balance 2019 £'000	Currency balance 2019 '000	Sterling balance 2018 £'000	Currency balance 2018 '000
Financial assets	**Euro**	**214**	**241**	500	€557
Financial liabilities	**Euro**	**(75)**	**(87)**	(216)	€(241)
Net balance	**Euro**	**139**	**€154**	284	€316
Effect of 10% Sterling increase			**(16)**	(26)	
Effect of 10% Sterling decrease			**21**	32	
Financial assets	**USD**	**1,783**	**$2,304**	1,754	$2,238
Financial liabilities	**USD**	**(311)**	**$(401)**	(888)	$(1,134)
Net balance	**USD**	**1,472**	**$1,903**	866	$1,104
Effect of 10% Sterling increase			**(133)**	(79)	
Effect of 10% Sterling decrease			**163**	96	

Sensitivity shows the effect on equity and statement of comprehensive income. A 10% change is shown to enable an objective calculation to be made on exchange rates which may be assumed for the future.

As at 31 December 2019 the Group had outstanding forward foreign currency contacts which all matured within five months of the year end and committed the Group to selling US Dollars 1,250,000 and to receive a fixed Sterling amount (2018: the Group had no outstanding forward contracts as at the year-end

The forward currency contracts are measured at fair value, which is determined using the valuation techniques that utilise observable inputs. The key inputs used in valuing the derivatives are the forward exchange rates for USD:GBP. The fair value of the forward-foreign currency contracts at 31 December 2019 is profit £45,000 (2018: £nil).

Credit risk

The Group's exposure to credit risk is limited to the carrying value of financial assets at the balance sheet date, summarised as follows:

	2019 £'000	2018 £'000
Loans and receivables:		
Trade receivables	**2,041**	1,978
Other receivables	**124**	38
Cash and cash equivalents	**1,161**	374
	3,326	2,390

The credit risk associated with the cash is limited as the counterparties have high credit ratings assigned by international credit-rating agencies. The principal credit risk arises therefore from trade receivables. The seven largest customer balances at the end of the year make up 74% (2018: 65%) of the above trade receivables.

In order to manage credit risk, the Directors set limits for customers based on a combination of payment history, third party credit references and use of credit insurance. These limits are reviewed regularly. The maturity of overdue debts and details of impairments and amounts written off are set out in note 15.

Capital requirements and management

Interest bearing loans and borrowings are monitored regularly to ensure the Group has sufficient liquidity and its exposure to interest rate risk is mitigated. Management consider the capital of the Group comprises the share capital as detailed in note 17 and interest bearing loans and borrowings as detailed in note 18. The Company satisfies the Companies Act 2006 requirement to hold £50,000 issued share capital of which at least 25% is paid up. See note 17.

The Group's capital management objectives are:

- to ensure the Group's ability to continue as a going concern; and
- to provide an adequate return to shareholders

The Group monitors capital on the basis of the gearing ratio calculated as net debt divided by total capital. Net debt is calculated as total borrowings as shown in the consolidated statement of financial position less cash and cash equivalents. Total capital is calculated as equity as shown in the consolidated statement of financial position plus net debt.

The Group's goal in capital management is to maintain an optimal gearing ratio (the ratio of net debt over debt plus equity).

The Group manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares, or sell assets to reduce debt.

The gearing ratios at 31 December 2019 and 2018 were as follows:

	2019 **£'000**	2018 £'000
Total borrowings	**914**	454
Cash and cash equivalents	**(1,161)**	(374)
Net (cash surplus)/debt	**(247)**	80
Total equity	**3,240**	1,999
Borrowings	**914**	80
Overall financing	**4,154**	2,079
Gearing ratio	**nil%**	4%

The gearing ratios are in line with the management's working capital financing strategy.

23 Post balance sheet events

Following the year end, the Group has seen uncertainty that has come with the global outbreak of the coronavirus, albeit the pandemic has so far had little negative impact on the Group. As this uncertainty emerged only after the year end, the Directors' view is that any significant impacts or changes are considered to be a non-adjusting event in relation to these accounts.

The Directors are, and will continue to monitor the impacts of the current coronavirus results on the Group and Company, but as at the date of signing the accounts, do not believe there have been any significant impacts that require disclosure.

The following pages contain the financial statements for the parent company, prepared in accordance with the Financial Reporting Standard 101, 'Reduced Disclosure Framework' ('FRS 101')

Company statement of financial position
at 31 December 2019

Company number 03676824

	Note	2019 £'000	2018 £'000
Fixed assets			
Property, plant and equipment	25	-	-
Investments	26	1,150	1,150
		1,150	1,150
Current assets			
Trade and other receivables	27	3,801	2,352
Cash and cash equivalents		738	5
		4,539	2,357
Trade and other payables: amounts falling due within one year	28	66	110
Net current assets		4,473	2,247
Net assets		5,623	3,397
Equity			
Share capital	30	1,700	1,543
Share premium account		2,077	333
Retained earnings		1,846	1,521
		5,623	3,397

The Company has applied the exemption under section 408 of the Companies Act 2006 not to present a statement of comprehensive income for the year ended 31 December 2019.

The profit after tax for the financial year 2019 within the annual report and accounts of the Company was £325,000 (2018: £383,000).

These annual report and accounts were approved by the Directors on 22 May 2020 and are signed on their behalf by:

I Bristow FCCA
Chief Financial Officer

The accompanying notes form an integral part of these annual report and accounts.

Company statement of changes in equity
for the year ended 31 December 2019

	Share capital £'000	Share premium £'000	Retained earnings £'000	Total equity £'000
For the year to 31 December 2019				
Balance at 1 January 2019	1,543	333	1,521	3,397
Issue of share capital	157	1,744	-	1,901
Transactions with owners	157	1,744	-	1,901
Total comprehensive income for the year	-	-	325	325
Balance at 31 December 2019	**1,700**	**2,077**	**1,846**	**5,623**
For the year to 31 December 2018				
Balance at 1 January 2018	1,516	-	1,130	2,646
Issue of share capital	27	333	-	360
Share-based payments	-	-	8	8
Transactions with owners	27	333	8	368
Total comprehensive income for the year	-	-	383	383
Balance at 31 December 2018	**1,543**	**333**	**1,521**	**3,397**

The accompanying notes form an integral part of these annual report and accounts.

Notes to the Company statement of financial position

24 Basis of preparation and significant accounting policies

Basis of preparation

Symphony Environmental Technologies plc ("The Company"), is a public limited company. It is incorporated and domiciled in England (Company number 03676824). The address of its registered office is 6 Elstree Gate, Elstree Way, Borehamwood, Hertfordshire, WD6 1JD, England. The Company's shares are listed on the AIM market of the London Stock Exchange.

The principal activity of the Company is to hold investments in subsidiaries which develop and supply environmental plastic additives and products, and develop waste to value systems.

The individual annual report and accounts have been prepared in accordance with United Kingdom accounting standards, including Financial Reporting Standard 101 – 'Reduced Disclosure Framework: Disclosure exemptions from EU-adopted IFRS for qualifying entities' ('FRS 101'), and with the Companies Act 2006. This separate annual report and accounts have been prepared on a going concern basis, under the historical cost basis, as modified by the recognition of certain financial assets and liabilities measured at fair value.

Financial reporting standard 101 - reduced disclosure exemptions

The Company has taken advantage of the following disclosure exemptions under FRS 101:

- the requirements of IAS 7 Statement of Cash Flows
- the requirements of IFRS 7 Financial Instruments: Disclosures
- the requirements of paragraphs 91-99 of IFRS 13 Fair Value Measurement
- the requirement in paragraph 38 of IAS 1 'Presentation of Financial Statements' to present comparative information in respect of:
- paragraph 79(a)(iv) of IAS 1;
- paragraph 73(e) of IAS 16 Property, Plant and Equipment;
- paragraph 118(e) of IAS 38 Intangible Assets;
- the requirements of paragraphs 10(d), 10(f), 16, 38A, 38B, 38C, 38D, 40A, 40B, 40C, 40D, 111 and 134-136 of IAS 1 Presentation of Financial Statements
- the requirements of paragraphs 30 and 31 of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors
- the requirements of paragraph 17 of IAS 24 Related Party Disclosures
- the requirements in IAS 24 Related Party Disclosures to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member
- the requirements of paragraphs 134(d)-134(f) and 135(c)-135(e) of IAS 36 Impairment of Assets.

The Company has taken advantage of section 408 of the Companies Act 2006 and has not included its own statement of comprehensive income in these annual report and accounts.

The annual report and accounts are presented in Sterling, the functional and presentational currency of the Company and are expressed in round thousands unless otherwise stated (£'000s).

New standards and interpretations have been issued but are not expected to have a material impact on the Company's annual report and accounts.

Property, plant and equipment

Tangible fixed assets are stated at cost, net of depreciation and any provision for impairment.

Depreciation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows:

Motor vehicles - 25% reducing balance.

Taxation

Current tax is the tax currently payable based on taxable profit for the year.

Deferred income taxes are calculated using the liability method on temporary differences. Deferred tax is generally provided on the difference between the carrying amounts of assets and liabilities and their tax bases. Tax losses available to be carried forward as well as other income tax credits to the Company are assessed for recognition as deferred tax assets, insofar as the Company is entitled to UK tax credits on qualifying research and development expenditure, such amounts are presented in the income tax line within statement of comprehensive income.

Deferred tax liabilities are provided in full, with no discounting. Deferred tax assets are recognised to the extent that it is probable that the underlying deductible temporary differences will be able to be offset against future taxable income. Current and deferred tax assets and liabilities are calculated at tax rates that are expected to apply to their respective period of realisation, provided they are enacted or substantively enacted at the balance sheet date.

Changes in deferred tax assets or liabilities are recognised as a component of tax expense in profit or loss, except where they either relate to items that are charged or credited directly to equity in which case the related deferred tax is also charged or credited directly to equity, or where they relate to items charged or credited in other comprehensive income the deferred tax change is recognised in other comprehensive income.

Foreign currencies

Monetary assets and liabilities in foreign currencies are translated into Sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into Sterling at the rate of exchange ruling at the date of the transaction. Exchange differences are taken into account in arriving at the operating profit.

Investments - Company

Investments in subsidiaries are accounted for at cost less impairment in the individual annual report and accounts.

Impairment of assets

At each reporting date fixed assets are reviewed to determine whether there is any indication that those assets have suffered an impairment loss. If there is an indication of possible impairment, the recoverable amount of any affected asset is estimated and compared with its carrying amount. If estimated recoverable amount is lower, the carrying amount is reduced to its estimated recoverable amount, and an impairment loss is charged immediately to statement of comprehensive income.

If an impairment loss subsequently reverses, the carry amount of the asset is increased to the revised estimate of its recoverable amount, but not in excess of the amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised immediately in statement of comprehensive income.

Financial instruments

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the entity after deducting all of its financial liabilities.

Where the contractual obligations of the financial instruments (including share capital) are equivalent to a similar debt instrument, those financial instruments are classified as financial liabilities. Financial liabilities are presented as such in the balance sheet. Finance costs are calculated so as to produce a constant rate of return on the outstanding liability.

Where the contractual terms of share capital do not have any terms meeting the definition of a financial liability then this is classified as an equity instrument. Dividends and distributions relating to equity instruments are debited direct to equity.

Equity-settled share-based payments

Warrants and options granted to employees which relate to salary sacrifices of employees employed by this company are attributed a fair value by reference to the services provided. This fair value is charged to statement of comprehensive income over the vesting period when the service is provided with a corresponding credit taken to shareholders' funds.

Significant judgements and estimates

Preparation of the annual report and accounts requires management to make significant judgements and estimates. The items in the parent company annual report and accounts where these judgements have been made include:

Judgements - impairment

An impairment loss is recognised for the amount by which the asset's or cash generating unit's carrying amount exceeds its recoverable amount. To determine the recoverable amount, management estimates expected future cash flows from each cash-generating unit and determines a suitable discount rate in order to calculate the present value of those cash flows. In the process of measuring expected future cash flows management makes assumptions about future operating results. These assumptions relate to future events and circumstances. In most cases, determining the applicable discount rate involves estimating the appropriate adjustment to market risk and the appropriate adjustment to asset-specific risk factors. No impairment has been recognised during the period.

There are no items in the parent company annual report and accounts where estimates have been made.

25 Property, plant and equipment

	Motor vehicles	Total
	£'000	£'000
Cost		
At 1 January 2019	14	14
At 31 December 2019	14	14
Depreciation		
At 1 January 2019	14	14
Charge for the year	-	-
At 31 December 2019	14	14
Net book value		
At 31 December 2019	**-**	**-**
At 31 December 2018	-	-

26 Investments

	Shares in Group Undertaking	Total
	£'000	£'000
Cost		
At 1 January 2019	2,150	2,150
At 31 December 2019	2,150	2,150
Impairment		
At 1 January 2019	1,000	1,000
At 31 December 2019	1,000	1,000
Net book value		
At 31 December 2019	**1,150**	**1,150**
At 31 December 2018	1,150	1,150

Group undertakings are detailed in note 13.

27 Trade and other receivables

	2019 **£'000**	2018 £'000
Amounts owed by Group undertakings	**3,785**	2,331
VAT	**6**	12
Prepayments	**10**	9
	3,801	2,352

The Directors consider that the carrying value of amounts owed by Group undertakings approximate to their fair values. Included in the amounts owed by Group undertakings is an adjustment for expected credit losses of £3,394,000 (2018: £3,394,000).

The Company applies the IFRS 9 simplified approach to measuring expected credit losses (ECL) which uses a lifetime expected loss allowance in respect to amounts owed by Group undertakings. The ECL balance has been determined based on historical data available to management in addition to forward looking information utilising management knowledge. Based on the analysis performed there has been no material impact on the transition to ECL.

28 Trade and other payables: amounts falling due within one year

	2019 **£'000**	2018 £'000
Trade payables	**21**	69
Accruals	**45**	41
	66	110

29 Contingent liabilities

The Company has guaranteed all monies due to its bankers by Symphony Environmental Limited. At 31 December 2019 the net indebtedness of this company amounted to £283,000 (2018: £454,000l). The Company has guaranteed the lease rental payable by Symphony Environmental Limited in respect to the Group's head office in Borehamwood amounting to £26,000 as at 31 December 2019 (2018: £132,000).

30 Share capital

The Company's share capital is detailed in note 17 of the Group consolidated accounts.

31 Directors and employees

All employees of Symphony Environmental Technologies plc are Directors. See note 6 of the Group consolidated accounts.

The average number of staff employed by the Company during the financial year amounted to:

	2019 **No.**	2018 No.
Management	**4**	4

The aggregate payroll costs of the above were:	**2019** **£'000**	2018 £'000
Wages and salaries	**62**	60
Social security costs	**3**	10
Share-based payment	**-**	8
	65	78

The company has taken advantage of the FRS 101 exemption that allows intra-Group transactions with a 100% subsidiary to not be disclosed. There were no other related party transactions throughout the period.

32 Post balance sheet events

Following the year end, the Company has seen uncertainty that has come with the global outbreak of the coronavirus, albeit the pandemic has so far had little negative impact. As this uncertainty emerged only after the year end, the Directors' view is that any significant impacts or changes are considered to be a non-adjusting event in relation to these accounts.

The Directors are, and will continue to monitor the impacts of the current coronavirus results on the Company, but as at the date of signing the accounts, do not believe there have been any significant impacts that require disclosure.