

IBP Global Trading Limited

Strategic report for the year ended 31 December 2020 (*continued*)

The support from HSBC Commercial Finance has been fundamental to the growth of the business and they continue to support the business plans of the Group as a strategic partner. The quality of the assets continues to improve despite the difficult markets the Group operates in and the inevitable risks that come with this.

The group's key financial and other performance indicators used during the year were as follows:

	2020 £000s	2019 £000s	Change
Turnover	154,155	149,057	3.4%
Profit before tax	18,760	12,504	50.0%
Profit for the Year	16,004	10,700	49.6%
Shareholders' Equity	48,584	38,339	26.7%
Return on Capital	44.8%	38.0%	
Debtor days	52.2	51.5	
Inventory turns	3.2	2.6	

Service remains an important factor for the Group to manage and maintain its strong relationships with its customer base.

Part of this is the constant review of service levels against stock holding and in the year it was positive to see an improved service level and an increase in the number of stock turns compared to 2019.

The number of days reduced to 114 (2019 – 142). The group continued to underpin its tradition of intercompany trading with continued capital investment in both its production plants which will generate additional capacity during 2021.

During the year changes in market mix and demand together with foreign exchange movements were reflected in the closing stock and debtor balances which have increased in line with the turnover during the year.

The continuing improvement in trading together with the positive forecasts meant the deferred tax asset was maintained at year end. The increase seen in net assets to £48,584k (2019 - £38,339k) shows the strength of the group balance sheet.

The trading result for the year and the close management of the balance sheet meant that a positive cash position was achieved in 2020 as detailed on pages 18 and 19.

As part of IBP Global Trading Ltd's annual reporting requirements we have to provide updated information on our energy consumption during the year.

This information has been summarised in respect of the UK companies and the following paragraphs show the attention being given to this across the Group with initiatives being examined to improve as we move forward.

Consumption (kWh) and Greenhouse Gas emissions (tCO₂e) Totals

The following figures make up the baseline reporting for IBP Global Trading Ltd, as 2020 is the first year that IBP Global Trading Ltd are required to report this information.

Scope 1 consumption and emissions relate to direct combustion of natural gas, and fuels utilised for transportation operations, such as company vehicle fleets, and grey fleet.

Scope 2 consumption and emissions relate to indirect emissions relating to the consumption of purchased electricity in day-to-day business operations.

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Strategic report for the year ended 31 December 2020 (continued)

Totals

The total consumption (kWh) figures for energy supplies reportable by IBP Global Trading Ltd are as follows:

Utility and Scope	2020 UK Consumption (kWh)
Grid-Supplied Electricity (Scope 2)	153,599
Gaseous and other fuels (Scope 1)	780,871
Transportation (Scope 1)	374,618
Total	1,309,088

The total emission (tCO2e) figures for energy supplies reportable by IBP Global Trading Ltd are as follows.

Utility and Scope	2020 UK Consumption (tCO2e)
Grid-Supplied Electricity (Scope 2)	36
Gaseous and other fuels (Scope 1)	144
Transportation (Scope 1)	88
Total	268

Intensity Metric

An intensity metric of tCO2e per FTE has been applied for the annual total emissions of IBP Global Trading Ltd. An intensity metric of tCO2e per Total Sales Revenue (£m) has been applied to the annual total emissions of IBP Global Trading Ltd. The results of this analysis is as follows:

Intensity Metric	2020 UK Intensity Metric
tCO2e per FTE	3.5
tCO2e per Total Sales Revenue	2.1