

PackCare Limited

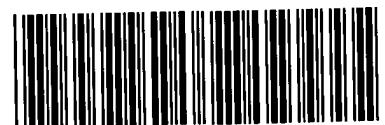
Company Registration Number 00538863

Annual Report and Financial Statements

Year ended 31 March 2018

Brown Butler
Chartered Accountants
Leeds

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Directors	P T Hunt M Owen G M Parkin
Company secretary	M Owen
Registered office	Richmond House Selby Road Garforth Leeds LS25 1NB
Company number	00538863
Statutory auditor	Brown Butler Chartered Accountants Leigh House 28-32 St Paul's Street Leeds West Yorkshire LS1 2JT
Bankers	National Westminster Bank plc Islington Angel Branch 2/3 Upper Street Islington London N1 0QF

The directors present their strategic report for the year ended 31 March 2018.

Principal activity

The principal activity of the company is that of industrial packaging recycling recovery as well as waste management.

Fair review of the business

Incorporated as E Pease & Son Limited in 1946, the company and site were acquired by the WasteCare Group Limited in 2008 and renamed PackCare Limited. In 2012 the trade was transferred to WasteCare Limited and PackCare Limited was made dormant. On 8 April 2016 PackCare Limited was revived to become the vehicle that purchased the steel packaging recycling operation from Greif Limited based in Avonmouth.

With Environment Agency guidance restricting the disposal of packaging to unlicensed re-conditioners, via scrap processors and into landfill, the Avonmouth facility provides the only licensed thermal treatment process dedicated to steel drums and metal packaging in the UK.

During this year, PackCare Limited expanded the range of services offered through this facility including the treatment of contaminated metals including oil filters, paint tins and contaminated swarfs. There remains considerable scope to expand both current capacity and the breadth of services we are able to provide our clients through this site.

PackCare's Zero to Landfill policy delivers maximum recycling and recovery throughout its operation, returning real value to its clients through rebating for good reusable packaging. Utilising our sister company, WasteCare Limited's national transport fleet and licensed waste management facilities enables the company to provide clients a cost effective, one-stop solution for all types of industrial packaging and associated waste.

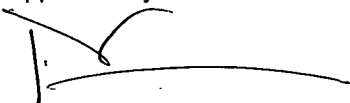
The Board are delighted with the financial performance of PackCare Limited this year. Revenues have increased steadily throughout the year and through reviewing and improving operating efficiencies, the business has increased its EBIT by 37.6% at the end of its second year of trading.

The results for the 12 months to 31 March 2018 are shown in the profit and loss account on page 7.

Principal risks and uncertainties

Whilst the weak pound and stronger world markets continue to stabilise commodity prices, we expect further pressure within our operating costs over the coming year resulting from both general and wage inflation. The directors believe the business is prepared for these challenges and remain confident that PackCare Limited will see significant growth in the coming year both in market share and financial performance.

Approved by the Board on 20 December 2018 and signed on its behalf by:



P T Hunt
Director

The directors present their report and the financial statements for the year ended 31 March 2018.

Directors of the company

The directors who held office during the year were as follows:

P T Hunt

M Owen

G M Parkin

G J Linard (resigned 31 October 2018)

Disclosure of information to the auditors

So far as the directors are aware, there is no information relevant to the audit of which the company's auditors are unaware. The directors have taken the necessary steps to ensure that they themselves are aware of all relevant audit information and made sure that the company's auditors are also aware of that information.

Approved by the Board on 20 December 2018 and signed on its behalf by:

A handwritten signature in black ink, appearing to be 'P T Hunt', written over a horizontal line.

P T Hunt
Director

The directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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

Opinion

We have audited the financial statements of PackCare Limited (the "company") for the year ended 31 March 2018, which comprise the Profit and Loss Account, the Balance Sheet and the notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2018 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis of 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 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, 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 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.

Other information

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

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

We have nothing to report in 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.

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Matters on which we are required to report by exception

In the light of the knowledge and understanding of the 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 company, or returns adequate for our audit have not been received from branches not visited by us; or
- the company's 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 Statement of Directors' Responsibilities set out on page 4, 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 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 company or cease operations, or have no realistic alternative but to do so.

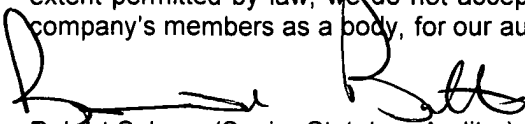
Auditor's responsibilities for the audit of the financial statements

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 our report

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



Robert Solyom (Senior Statutory Auditor)
For and on behalf of Brown Butler,
Chartered Accountants and Statutory Auditor
Leigh House
28-32 St Paul's Street
Leeds
West Yorkshire
LS1 2JT


20 December 2018

	Note	2018 £	2017 £
Turnover	3	2,281,070	1,769,128
Cost of sales		<u>(1,570,775)</u>	<u>(1,136,974)</u>
Gross profit		710,295	632,154
Administrative expenses		<u>(638,636)</u>	<u>(580,099)</u>
Operating profit	4	71,659	52,055
Interest payable and similar expenses	5	<u>(7,864)</u>	<u>(18,000)</u>
Profit on ordinary activities before taxation		63,795	34,055
Tax on profit	7	<u>(12,108)</u>	<u>(6,784)</u>
Profit for the financial year		51,687	27,271
Profit and loss account brought forward		<u>27,271</u>	<u>-</u>
Profit and loss account carried forward		<u><u>78,958</u></u>	<u><u>27,271</u></u>

The above results were derived from continuing operations.

	Note	2018 £	2017 £
Fixed assets			
Tangible fixed assets	8	473,682	266,801
Current assets			
Stocks	9	11,692	1,791
Debtors	10	1,117,840	524,519
Cash at bank and in hand		<u>256,773</u>	<u>155,052</u>
		1,386,305	681,362
Creditors: Amounts falling due within one year	11	<u>(1,194,029)</u>	<u>(914,992)</u>
Net current assets/(liabilities)		<u>192,276</u>	<u>(233,630)</u>
Total assets less current liabilities		665,958	33,171
Provisions for liabilities	12	<u>(11,000)</u>	<u>(4,900)</u>
Net assets		<u><u>654,958</u></u>	<u><u>28,271</u></u>
Capital and reserves			
Called up share capital	13	2,500	1,000
Share premium reserve	14	573,500	-
Profit and loss account	14	<u>78,958</u>	<u>27,271</u>
		<u><u>654,958</u></u>	<u><u>28,271</u></u>

These financial statements were approved and authorised for issue by the Board on 20 December 2018 and signed on its behalf by:



P T Hunt
Director

1 General information

PackCare Limited is a private company limited by shares incorporated in England and Wales. The company's registered number is 00538863.

The address of its registered office is:

Richmond House
Selby Road
Garforth
Leeds
LS25 1NB

The principal place of business is:

Avonmouth Way West
Avonmouth
Bristol
BS11 9EX

2 Summary of significant accounting policies

Basis of preparation

The financial statements have been prepared in accordance with applicable accounting standards including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (FRS102) and the Companies Act 2006. The financial statements have been prepared on a going concern basis under the historical cost convention, modified to include certain items at fair value. The presentation currency is £ sterling.

The significant accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all years presented, unless otherwise stated.

Summary of disclosure exemptions

The directors have taken advantage of the exemption under FRS 102 not to prepare a cash flow statement as the company is a member of a group whose financial statements are publicly available.

Name of parent of group

These financial statements are included in the consolidated financial statements of Wastecare Group Limited.

The financial statements of Wastecare Group Limited may be obtained from Companies House, Crown Way, Cardiff, CF14 3UZ.

Key sources of estimation uncertainty

The preparation of the financial statements requires management to make estimates and assumptions concerning the future. The resulting accounting estimates and assumptions will, by definition, seldom equal the related actual results. The directors are of the opinion that there are no estimates or assumptions that could have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Turnover

Turnover is measured at fair value of the consideration received or receivable, net of discounts and value added tax. Turnover represents revenue earned from the rendering of industrial packaging recycling services.

Pension contributions

The company has a defined contribution pension scheme. The pension costs charged to the profit and loss account are the contributions payable in respect of the accounting period.

Taxation

The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss, except that a change attributable to an item of income or expense recognised as other comprehensive income is also recognised directly in other comprehensive income.

Current tax is recognised for the amount of corporation tax payable in respect of the taxable profit for the year using tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed by the balance sheet date. Deferred tax assets are only recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Deferred tax is calculated using tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Tangible fixed assets

Tangible fixed assets are measured at cost less accumulated depreciation and any accumulated impairment losses.

Depreciation

Depreciation is charged so as to write off the cost of assets, other than land and properties under construction over their estimated useful lives, as follows:

Asset class	Depreciation method and rate
Plant and machinery	10 - 20% straight line basis
Leasehold property improvements	20% straight line basis

Impairment of fixed assets

At the balance sheet date, if there is an indication of possible impairment, the recoverable amount of any affected asset is estimated and compared to its carrying amount. If the estimated recoverable amount is lower, the carrying amount is reduced to its estimated recoverable amount, and an impairment loss is recognised in the profit and loss account. The reversal of an impairment loss is recognised immediately in the profit and loss account.

Stocks

Stock are stated at the lower of cost and estimated selling price less costs to complete and sell.

Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are subsequently measured at amortised cost using the effective interest method, less any impairment.

Creditors

Short term creditors are measured at transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are subsequently measured at amortised cost using the effective interest method.

3 Turnover

The analysis of the company's turnover for the year from continuing operations is as follows:

	2018 £	2017 £
Rendering of services	<u>2,281,070</u>	<u>1,769,128</u>

4 Operating profit

Operating profit is stated after charging:

	2018 £	2017 £
Depreciation of tangible fixed assets	55,916	27,130
Auditor's remuneration	<u>(6,300)</u>	<u>15,600</u>

5 Interest payable and similar charges

	2018 £	2017 £
Bank interest	<u>7,864</u>	<u>18,000</u>

6 Staff costs

Employee costs, including directors, during the year:

	2018 £	2017 £
Wages and salaries	389,516	322,995
Social security costs	36,205	30,387
Other pension costs	<u>13,078</u>	<u>7,944</u>
	<u>438,799</u>	<u>361,326</u>

The average number of persons employed by the company (including directors) during the year, analysed by category was as follows:

	2018 No.	2017 No.
Production	15	12
Administration	<u>6</u>	<u>5</u>
	<u>21</u>	<u>17</u>

7 Tax on profit

	2018 £	2017 £
Current taxation		
UK corporation tax	6,008	1,884
Deferred taxation		
Origination and reversal of timing differences	<u>6,100</u>	<u>4,900</u>
Tax on profit	<u>12,108</u>	<u>6,784</u>

The tax charge for the year is lower than (2017: lower than) the standard rate of corporation tax in the UK of 19% (2017: 20%).

The differences are reconciled below:

	2018 £	2017 £
Profit before tax	<u>63,795</u>	<u>34,055</u>
Corporation tax at standard rate	12,121	6,811
Expenses not deductible for tax purposes	-	25
Origination and reversal of timing differences	<u>(13)</u>	<u>(52)</u>
Total tax charge	<u>12,108</u>	<u>6,784</u>

8 Tangible fixed assets

	Leasehold property improvements £	Plant and machinery £	Total £
Cost			
At 1 April 2017	-	293,930	293,930
Additions	<u>15,456</u>	<u>247,341</u>	<u>262,797</u>
At 31 March 2018	<u>15,456</u>	<u>541,271</u>	<u>556,727</u>
Depreciation			
At 1 April 2017	-	27,129	27,129
Charge for the year	<u>1,546</u>	<u>54,370</u>	<u>55,916</u>
At 31 March 2018	<u>1,546</u>	<u>81,499</u>	<u>83,045</u>
Net book value			
At 31 March 2017	<u>-</u>	<u>266,801</u>	<u>266,801</u>
At 31 March 2018	<u>13,910</u>	<u>459,772</u>	<u>473,682</u>

9 Stocks

	2018 £	2017 £
Raw materials and consumables	<u>11,692</u>	<u>1,791</u>

10 Debtors

	2018 £	2017 £
Trade debtors	435,556	390,779
Amounts owed from group undertakings	509,341	-
Other debtors	104,854	124,913
Prepayments	<u>68,089</u>	<u>8,827</u>
	<u>1,117,840</u>	<u>524,519</u>

11 Creditors:

Amounts falling due within one year

	2018 £	2017 £
Trade creditors	235,585	76,584
Social security and other taxes	67,343	53,557
Amounts owed to group undertakings	595,802	624,008
Other creditors	4,664	123,577
Corporation tax	7,892	1,884
Invoice discounting creditor	185,370	-
Accruals	<u>97,373</u>	<u>35,382</u>
	<u>1,194,029</u>	<u>914,992</u>

The invoice discounting creditor is secured by fixed and floating charges over the company's assets.

12 Provisions

	Deferred tax £	Total £
At 1 April 2017	4,900	4,900
Increase (decrease) in existing provisions	<u>6,100</u>	<u>6,100</u>
At 31 March 2018	<u>11,000</u>	<u>11,000</u>

Analysis of deferred tax is as follows:

2018	£
Capital allowances in excess of depreciation	<u>11,000</u>
2017	£
Capital allowances in excess of depreciation	<u>4,900</u>

13 Share capital

Allotted, called up and fully paid shares

	2018		2017	
	No.	£	No.	£
Ordinary shares of £1 each	<u>2,500</u>	<u>2,500</u>	<u>1,000</u>	<u>1,000</u>

New shares allotted

During the year 1,500 Ordinary shares of £1 each having an aggregate nominal value of £1,500 were allotted for an aggregate consideration of £575,000. The consideration in excess of the nominal value is £573,500. This has been credited to the share premium reserve.

14 Capital and reserves

Called-up share capital - represents the nominal value of shares that have been issued.

Share premium account - includes any premiums received on issue of share capital. Any transaction costs associated with the issuing of shares are deducted from share premium.

Profit and loss account - includes all current and prior period retained profits and losses.

15 Pension and other schemes

Defined contribution pension scheme

The company operates a defined contribution pension scheme. The pension cost charge for the year represents contributions payable by the company to the scheme and amounted to £13,078 (2017 - £7,944).

16 Contingent liabilities

The company is party to an unlimited inter-company composite guarantee in favour of National Westminster Bank plc in respect of finance facilities granted to all companies in the Wastecare group of companies. The aggregate outstanding commitment under these facilities at 31 March 2018 amounted to £8,181,386 (2017 - £9,609,066). The guarantee is supported by a fixed and floating charge over the company's assets.

17 Transactions with directors

	At 1 April 2017 £	Advances to directors £	Repayments by director £	Other payments made to company by director £	At 31 March 2018 £
2018 G J Linard					
Interest free and repayable on demand.	-	26,400	-	-	26,400

18 Controlling party

The company's immediate and ultimate parent is Wastecare Group Limited, a company incorporated in England and Wales.

The company is ultimately controlled by P T Hunt.

Consolidated financial statements are prepared by Wastecare Group Limited.