

Company Registration No. 01721300 (England and Wales)

**JWS WASTE & RECYCLING SERVICES LIMITED**  
**ANNUAL REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 OCTOBER 2019**

# JWS WASTE & RECYCLING SERVICES LIMITED

## COMPANY INFORMATION

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<b>Directors</b>	R Tweedale P D L Andrew
<b>Company number</b>	01721300
<b>Registered office</b>	Westport House 35 Frederick Road Salford Greater Manchester M6 6LD
<b>Auditor</b>	Champion Accountants LLP 1 Worsley Court High Street Worsley Manchester M28 3NJ

# **JWS WASTE & RECYCLING SERVICES LIMITED**

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# **JWS WASTE & RECYCLING SERVICES LIMITED**

## **STRATEGIC REPORT**

**FOR THE YEAR ENDED 31 OCTOBER 2019**

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The directors present the strategic report for the year ended 31 October 2019.

### **FAIR REVIEW OF THE BUSINESS**

In the prior year we reported the impact of the fire in August 2018 within the Material Recycling Facility ('MRF'). The Board is extremely pleased to report that the business has fully recovered and reinstatement of the site caused by the fire is almost complete.

In addition the impact of the fire enabled management to conduct a thorough strategic review of the business, which has resulted in significant long term improvements in operations which will deliver significant financial benefits in the future.

The Board is also pleased to report that the insurance claim has been settled which will support the Board to continuing its ambitious investment plans for the business.

The Board is extremely pleased with the financial performance that the team has achieved and continues to achieve, at JWS. In the year, the business delivered revenue of £19.1m (2017-18: £16.5m). The gross profit margin was a healthy 26.9% due to continued improvements in general efficiency, an ongoing focus on premier service standards with its collection activities along with continuing efforts looking at recycle offtake alternatives and sustainable disposal outlets for all the materials handled.

### **RESULTS**

The Operating profit for the year was £1,249k (2017-18: £211k), which was after a management charge of £44k from the parent company, JWS Holdings Limited. It should also be noted that the Earnings Before Interest Tax and Depreciation were £1,666k (2017-18: £647k).

When looking at the net current liabilities it is important to split out the reducing hire purchase liabilities of £264k (£277k 2017-18), as these are asset backed. Also the 'Other creditors' figure includes £186k (2017-18: £278k) representing our bank facility, which is reducing and is more than covered by the debtor ledger (£3,388k). The continued reduction in the year is a clear indication of the strong underlying cash flows. In respect of the latter, this is the way that we choose to finance our activities due to favourable margins. At the end of the period the balance sheet shows net assets of £7.7m (2017-18: £6.7m).

Part of our focus continues to be to capitalize on the Materials Recycling Facility ('MRF') as a strategic asset, which during the year handled over [116,000] tonnes.

The board will always invest in improving the MRF both in terms of the fixed plant and the land and buildings. It has a strategic advantage for the business in terms of location and provides the foundation for the collection fleet to maximise productivity and meet the aspirations of our customers to avoid landfill. We will continue to invest in the infrastructure of the MRF to deliver industry leading recovery rates and landfill diversion to two contract backed UK based Energy from Waste facilities. The board, as mentioned in last year's report, is also investing in a comprehensive fire detection and control system.

Other key highlights in the year have been our success in the maintenance of our UKAS the internationally recognised ISO standards for our environmental accreditation (ISO 14001), Health and Safety accreditation (OHSAS 18001) and Quality accreditation (ISO 9001). JWS have also maintained the bronze level Fleet Operators Recognition (FORS) and have been the first Waste and Recycling company in the UK to achieve the platinum certifications for Construction Line, Safe Contractor and the additional recognition of Acclaim Health and Safety accreditation in recognition of our commitment to Health and Safety.

# **JWS WASTE & RECYCLING SERVICES LIMITED**

## **STRATEGIC REPORT (CONTINUED)**

***FOR THE YEAR ENDED 31 OCTOBER 2019***

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### **PRINCIPAL RISKS AND UNCERTAINTIES FACING THE COMPANY**

The principal risks facing the company relate to increased competition, unforeseen issues with outlets for our various processed residues and recycle and unexpected changes in legislation that impact either waste or recycling services or have wider industry implications. However, the Board and management team are closely involved in the company's affairs on a day to day basis and are appropriately qualified and experienced to identify and deal with any such issues that may arise.

On behalf of the board

R Tweedale

**Director**

6 May 2020

# **JWS WASTE & RECYCLING SERVICES LIMITED**

## **DIRECTORS' REPORT**

**FOR THE YEAR ENDED 31 OCTOBER 2019**

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The directors present their annual report and financial statements for the year ended 31 October 2019.

### **Principal activities**

The principal activity of the company continued to be that of skip hire, haulage and the recycling of waste.

### **Directors**

The directors who held office during the year and up to the date of signature of the financial statements were as follows:

R Tweedale  
P D L Andrew

### **Results and dividends**

The results for the year are set out on page 6.

No ordinary dividends were paid. The directors do not recommend payment of a final dividend.

### **Auditor**

The auditor, Champion Accountants LLP, is deemed to be reappointed under section 487(2) of the Companies Act 2006.

### **Statement of directors' responsibilities**

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 then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- 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.

### **Statement of disclosure to auditor**

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the company's auditor is unaware. Additionally, the directors individually have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the company's auditor is aware of that information.

On behalf of the board

R Tweedale  
**Director**  
6 May 2020

# JWS WASTE & RECYCLING SERVICES LIMITED

## INDEPENDENT AUDITOR'S REPORT

### TO THE MEMBER OF JWS WASTE & RECYCLING SERVICES LIMITED

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#### Opinion

We have audited the financial statements of JWS Waste & Recycling Services Limited (the 'company') for the year ended 31 October 2019 which comprise the statement of comprehensive income, the balance sheet, the statement of changes in equity, the statement of cash flows and 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 FRS 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 October 2019 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 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 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 our 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.

# **JWS WASTE & RECYCLING SERVICES LIMITED**

## **INDEPENDENT AUDITOR'S REPORT (CONTINUED)**

### **TO THE MEMBER OF JWS WASTE & RECYCLING SERVICES LIMITED**

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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 and the directors' report.

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the 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, 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 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: <http://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.

**Mark Turner FCA (Senior Statutory Auditor)**  
for and on behalf of **Champion Accountants LLP**

6 May 2020

**Chartered Accountants**  
**Statutory Auditor**

1 Worsley Court  
High Street  
Worsley  
Manchester  
M28 3NJ



# JWS WASTE & RECYCLING SERVICES LIMITED

## STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 OCTOBER 2019

	Notes	2019 £	2018 £
<b>Turnover</b>	<b>3</b>	19,105,171	16,479,232
Cost of sales		(13,964,774)	(12,065,175)
<b>Gross profit</b>		<b>5,140,397</b>	<b>4,414,057</b>
Administrative expenses		(3,898,762)	(3,644,721)
Other operating income		6,637	6,637
Exceptional loss on disposal of tangible assets	<b>4</b>	-	(381,695)
Exceptional costs	<b>4</b>	-	(182,903)
<b>Operating profit</b>	<b>5</b>	<b>1,248,272</b>	<b>211,375</b>
Interest payable and similar expenses	<b>8</b>	(102,885)	(106,584)
<b>Profit before taxation</b>		<b>1,145,387</b>	<b>104,791</b>
Tax on profit	<b>9</b>	(144,989)	156,256
<b>Profit for the financial year</b>		<b>1,000,398</b>	<b>261,047</b>
<b>Other comprehensive income</b>			
Revaluation of tangible fixed assets		-	(465,000)
<b>Total comprehensive income for the year</b>		<b>1,000,398</b>	<b>(203,953)</b>

The profit and loss account has been prepared on the basis that all operations are continuing operations.

# JWS WASTE & RECYCLING SERVICES LIMITED

## BALANCE SHEET

AS AT 31 OCTOBER 2019

	Notes	2019 £	£	2018 £	£
<b>Fixed assets</b>					
Tangible assets	11	5,654,650		5,389,810	
<b>Current assets</b>					
Debtors	13	6,473,602		5,976,718	
Cash at bank and in hand		163,120		1,793	
		<u>6,636,722</u>		<u>5,978,511</u>	
<b>Creditors: amounts falling due within one year</b>	14	<u>(3,583,100)</u>		<u>(3,950,619)</u>	
<b>Net current assets</b>			3,053,622		2,027,892
<b>Total assets less current liabilities</b>			<u>8,708,272</u>		<u>7,417,702</u>
<b>Creditors: amounts falling due after more than one year</b>	15		(520,260)		(331,912)
<b>Provisions for liabilities</b>	17		<u>(458,565)</u>		<u>(356,741)</u>
<b>Net assets</b>			<u>7,729,447</u>		<u>6,729,049</u>
<b>Capital and reserves</b>					
Called up share capital	21		2		2
Revaluation reserve	22		2,168,316		2,168,316
Profit and loss reserves	22		<u>5,561,129</u>		<u>4,560,731</u>
<b>Total equity</b>			<u>7,729,447</u>		<u>6,729,049</u>

The financial statements were approved by the board of directors and authorised for issue on 6 May 2020 and are signed on its behalf by:

R Tweedale  
Director

Company Registration No. 01721300

# JWS WASTE & RECYCLING SERVICES LIMITED

## STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 OCTOBER 2019

		Share capital	Revaluation reserves	Profit and loss reserves	Total
	Notes	£	£	£	£
<b>Balance at 1 November 2017</b>		2	2,633,316	4,499,684	7,133,002
<b>Year ended 31 October 2018:</b>					
Profit for the year		-	-	261,047	261,047
Other comprehensive income:					
Revaluation of tangible fixed assets		-	(465,000)	-	(465,000)
Total comprehensive income for the year		-	(465,000)	261,047	(203,953)
Dividends	10	-	-	(200,000)	(200,000)
<b>Balance at 31 October 2018</b>		2	2,168,316	4,560,731	6,729,049
<b>Year ended 31 October 2019:</b>					
Profit and total comprehensive income for the year		-	-	1,000,398	1,000,398
<b>Balance at 31 October 2019</b>		2	2,168,316	5,561,129	7,729,447

# JWS WASTE & RECYCLING SERVICES LIMITED

## STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 OCTOBER 2019

	Notes	2019 £	£	2018 £	£
<b>Cash flows from operating activities</b>					
Cash generated from operations	26	801,363		514,064	
Interest paid		(102,885)		(106,584)	
Income taxes paid		(40,538)		(144,349)	
<b>Net cash inflow from operating activities</b>		657,940		263,131	
<b>Investing activities</b>					
Purchase of tangible fixed assets		(861,593)		(603,526)	
Proceeds on disposal of tangible fixed assets		190,000		473,247	
<b>Net cash used in investing activities</b>		(671,593)		(130,279)	
<b>Financing activities</b>					
Payment of finance leases obligations		174,980		14,822	
Dividends paid		-		(200,000)	
<b>Net cash generated from/(used in) financing activities</b>		174,980		(185,178)	
<b>Net increase/(decrease) in cash and cash equivalents</b>		161,327		(52,326)	
Cash and cash equivalents at beginning of year		1,793		54,119	
<b>Cash and cash equivalents at end of year</b>		163,120		1,793	

# JWS WASTE & RECYCLING SERVICES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 OCTOBER 2019

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### 1 Accounting policies

#### Company information

JWS Waste & Recycling Services Limited is a private company limited by shares incorporated in England and Wales. The registered office is Westport House, 35 Frederick Road, Salford, Greater Manchester, M6 6LD.

#### 1.1 Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared under the historical cost convention, modified to include the revaluation of freehold properties and to include investment properties and certain financial instruments at fair value. The principal accounting policies adopted are set out below.

#### 1.2 Going concern

At the time of approving the financial statements, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus the directors continue to adopt the going concern basis of accounting in preparing the financial statements.

#### 1.3 Turnover

Turnover is recognised at the fair value of the consideration received or receivable for goods and services provided in the normal course of business, and is shown net of VAT and other sales related taxes. The fair value of consideration takes into account trade discounts, settlement discounts and volume rebates.

When cash inflows are deferred and represent a financing arrangement, the fair value of the consideration is the present value of the future receipts. The difference between the fair value of the consideration and the nominal amount received is recognised as interest income.

Revenue from contracts for the provision of professional services is recognised by reference to the stage of completion when the stage of completion, costs incurred and costs to complete can be estimated reliably. The stage of completion is calculated by comparing costs incurred, mainly in relation to contractual hourly staff rates and materials, as a proportion of total costs. Where the outcome cannot be estimated reliably, revenue is recognised only to the extent of the expenses recognised that it is probable will be recovered.

#### 1.4 Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Freehold land and buildings	nil
Plant and equipment	15% reducing balance, and 20%, 33% and 50% straight line
Motor vehicles	25% reducing balance

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is credited or charged to profit or loss.

# JWS WASTE & RECYCLING SERVICES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 OCTOBER 2019

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### 1 Accounting policies

(Continued)

No depreciation is provided on freehold property; these assets are well maintained and it is considered that the residual value is close to the carrying value making depreciation insignificant.

#### 1.5 Impairment of fixed assets

At each reporting period end date, the company reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

#### 1.6 Cash and cash equivalents

Cash and cash equivalents are basic financial assets and include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

#### 1.7 Financial instruments

The company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the company's balance sheet when the company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

##### **Basic financial assets**

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

##### **Other financial assets**

Other financial assets, including investments in equity instruments which are not subsidiaries, associates or joint ventures, are initially measured at fair value, which is normally the transaction price. Such assets are subsequently carried at fair value and the changes in fair value are recognised in profit or loss, except that investments in equity instruments that are not publicly traded and whose fair values cannot be measured reliably are measured at cost less impairment.

# JWS WASTE & RECYCLING SERVICES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 OCTOBER 2019

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### 1 Accounting policies

(Continued)

#### **Impairment of financial assets**

Financial assets, other than those held at fair value through profit and loss, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been, had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

#### **Derecognition of financial assets**

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the company transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

#### **Classification of financial liabilities**

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 company after deducting all of its liabilities.

#### **Basic financial liabilities**

Basic financial liabilities, including creditors, bank loans and loans from fellow group companies, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

#### **Other financial liabilities**

Derivatives, including interest rate swaps and forward foreign exchange contracts, are not basic financial instruments. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in profit or loss in finance costs or finance income as appropriate, unless hedge accounting is applied and the hedge is a cash flow hedge.

Debt instruments that do not meet the conditions in FRS 102 paragraph 11.9 are subsequently measured at fair value through profit or loss. Debt instruments may be designated as being measured at fair value through profit or loss to eliminate or reduce an accounting mismatch or if the instruments are measured and their performance evaluated on a fair value basis in accordance with a documented risk management or investment strategy.

# JWS WASTE & RECYCLING SERVICES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 OCTOBER 2019

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### 1 Accounting policies

(Continued)

#### ***Derecognition of financial liabilities***

Financial liabilities are derecognised when the company's contractual obligations expire or are discharged or cancelled.

### 1.8 Equity instruments

Equity instruments issued by the company are recorded at the proceeds received, net of transaction costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the company.

### 1.9 Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

#### ***Current tax***

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the profit and loss account because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

#### ***Deferred tax***

Deferred tax liabilities are generally recognised for all timing differences and deferred tax assets are 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. Such assets and liabilities are not recognised if the timing difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the profit and loss account, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset when the company has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

### 1.10 Provisions

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

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting end date, taking into account the risks and uncertainties surrounding the obligation. Where the effect of the time value of money is material, the amount expected to be required to settle the obligation is recognised at present value. When a provision is measured at present value, the unwinding of the discount is recognised as a finance cost in profit or loss in the period in which it arises.



# **JWS WASTE & RECYCLING SERVICES LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**FOR THE YEAR ENDED 31 OCTOBER 2019**

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### **1 Accounting policies**

**(Continued)**

#### **1.11 Employee benefits**

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

#### **1.12 Retirement benefits**

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

#### **1.13 Leases**

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessees. All other leases are classified as operating leases.

Assets held under finance leases are recognised as assets at the lower of the assets fair value at the date of inception and the present value of the minimum lease payments. The related liability is included in the balance sheet as a finance lease obligation. Lease payments are treated as consisting of capital and interest elements. The interest is charged to profit or loss so as to produce a constant periodic rate of interest on the remaining balance of the liability.

Rentals payable under operating leases, including any lease incentives received, are charged to profit or loss on a straight line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the leases asset are consumed.

#### **1.14 Government grants**

Government grants are recognised at the fair value of the asset received or receivable when there is reasonable assurance that the grant conditions will be met and the grants will be received.

A grant that specifies performance conditions is recognised in income when the performance conditions are met. Where a grant does not specify performance conditions it is recognised in income when the proceeds are received or receivable. A grant received before the recognition criteria are satisfied is recognised as a liability.

# JWS WASTE & RECYCLING SERVICES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 OCTOBER 2019

### 2 Judgements and key sources of estimation uncertainty

In the application of the company's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

#### Critical judgements

The following judgements (apart from those involving estimates) have had the most significant effect on amounts recognised in the financial statements.

#### Leases

The Company has entered into leases as a lessee obtaining the right to use of property, plant and equipment. The classification of such leases as operating leases or finance leases requires the company to judge, based on evaluation of the terms and conditions of the arrangements, whether it retains or acquires the significant risks and rewards of ownership of these assets and thus whether the lease assets and liabilities should be recognised in the statement of financial position.

### 3 Turnover and other revenue

	2019 £	2018 £
<b>Turnover analysed by class of business</b>		
Rendering of services	19,105,171	16,479,232
	<u>          </u>	<u>          </u>
	2019 £	2018 £
<b>Other significant revenue</b>		
Grants received	6,637	6,637
	<u>          </u>	<u>          </u>

### 4 Exceptional items

	2019 £	2018 £
Exceptional loss on disposal of tangible assets	-	381,695
Exceptional costs	-	182,903
	<u>          </u>	<u>          </u>

In August 2018, the company experienced a fire at its trading premises and registered office located on Frederick Road, Salford. This caused considerable damage to both the building and plant and machinery, thus creating an exceptional loss on disposal of tangible assets. In recovery from the fire, the company incurred further exceptional costs in relation to MRF disposal, plant hire and plant disposal.

# JWS WASTE & RECYCLING SERVICES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 OCTOBER 2019

### 5 Operating profit

	2019	2018
	£	£
Operating profit for the year is stated after charging/(crediting):		
Government grants	(6,637)	(6,637)
Fees payable to the company's auditor for the audit of the company's financial statements	9,750	9,750
Depreciation of owned tangible fixed assets	84,453	251,342
Depreciation of tangible fixed assets held under finance leases	333,436	184,010
Profit on disposal of tangible fixed assets	(11,136)	(3,818)
Operating lease charges	1,272,340	1,157,970
	<u>          </u>	<u>          </u>

### 6 Employees

The average monthly number of persons (including directors) employed by the company during the year was:

	2019	2018
	Number	Number
Production	55	55
Administrative	29	28
Management	2	2
	<u>          </u>	<u>          </u>
	86	85
	<u>          </u>	<u>          </u>

Their aggregate remuneration comprised:

	2019	2018
	£	£
Wages and salaries	2,874,303	2,924,869
Social security costs	277,156	265,304
Pension costs	48,469	28,950
	<u>          </u>	<u>          </u>
	3,199,928	3,219,123
	<u>          </u>	<u>          </u>

### 7 Directors' remuneration

	2019	2018
	£	£
Remuneration for qualifying services	138,350	151,555
	<u>          </u>	<u>          </u>

The number of directors for whom retirement benefits are accruing under defined contribution schemes amounted to 1 (2018 - 1).

# JWS WASTE & RECYCLING SERVICES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 OCTOBER 2019

### 8 Interest payable and similar expenses

	2019 £	2018 £
<b>Interest on financial liabilities measured at amortised cost:</b>		
Interest on invoice finance arrangements	50,577	55,472
<b>Other finance costs:</b>		
Interest on finance leases and hire purchase contracts	52,308	51,112
	<u>102,885</u>	<u>106,584</u>

### 9 Taxation

	2019 £	2018 £
<b>Current tax</b>		
UK corporation tax on profits for the current period	36,528	40,561
Adjustments in respect of prior periods	-	(15,974)
Total current tax	<u>36,528</u>	<u>24,587</u>
<b>Deferred tax</b>		
Origination and reversal of timing differences	108,461	(180,843)
Total tax charge/(credit)	<u>144,989</u>	<u>(156,256)</u>

The actual charge/(credit) for the year can be reconciled to the expected charge for the year based on the profit or loss and the standard rate of tax as follows:

	2019 £	2018 £
Profit before taxation	<u>1,145,387</u>	<u>104,791</u>
Expected tax charge based on the standard rate of corporation tax in the UK of 19.00% (2018: 19.00%)	217,624	19,910
Tax effect of expenses that are not deductible in determining taxable profit	650	75,151
Tax effect of income not taxable in determining taxable profit	-	(725)
Adjustments in respect of prior years	-	(15,974)
Permanent capital allowances in excess of depreciation	-	(71,796)
Research and development tax credit	(73,285)	(63,686)
Effect of revaluation reserve movement	-	(99,136)
Taxation charge/(credit) for the year	<u>144,989</u>	<u>(156,256)</u>

# JWS WASTE & RECYCLING SERVICES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 OCTOBER 2019

### 10 Dividends

	2019 £	2018 £
Final paid	-	200,000

### 11 Tangible fixed assets

	Freehold land and buildings £	Plant and equipment £	Motor vehicles £	Total £
<b>Cost or valuation</b>				
At 1 November 2018	4,000,000	3,218,801	126,290	7,345,091
Additions	-	861,593	-	861,593
Disposals	-	(397,744)	(500)	(398,244)
At 31 October 2019	4,000,000	3,682,650	125,790	7,808,440
<b>Depreciation and impairment</b>				
At 1 November 2018	-	1,915,383	39,898	1,955,281
Depreciation charged in the year	-	392,475	25,414	417,889
Eliminated in respect of disposals	-	(218,880)	(500)	(219,380)
At 31 October 2019	-	2,088,978	64,812	2,153,790
<b>Carrying amount</b>				
At 31 October 2019	4,000,000	1,593,672	60,978	5,654,650
At 31 October 2018	4,000,000	1,303,418	86,392	5,389,810

The net carrying value of tangible fixed assets includes the following in respect of assets held under finance leases or hire purchase contracts.

	2019 £	2018 £
Plant and equipment	845,348	790,016

Land and buildings with a carrying amount of £4.0m were revalued at 31 October 2018 by Gerald Eve LLP, independent valuers not connected with the company on the basis of market value. The valuation conforms to International Valuation Standards and was based on recent market transactions on arm's length terms for similar properties.

# JWS WASTE & RECYCLING SERVICES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 OCTOBER 2019

### 11 Tangible fixed assets

(Continued)

If revalued assets were stated on an historical cost basis rather than a fair value basis, the total amounts included would have been as follows:

	2019 £	2018 £
Cost	1,666,684	1,666,684
Accumulated depreciation	-	-
Carrying value	<u>1,666,684</u>	<u>1,666,684</u>

Plant and machinery with a carrying amount of £845,348 (2018 - £790,016) have been pledged to secure borrowings of the company. The company is not allowed to pledge these assets as security for other borrowings or to sell them to another entity.

### 12 Financial instruments

	2019 £	2018 £
<b>Carrying amount of financial assets</b>		
Debt instruments measured at amortised cost	<u>5,941,585</u>	<u>5,458,875</u>
<b>Carrying amount of financial liabilities</b>		
Measured at amortised cost	<u>3,736,406</u>	<u>3,776,414</u>

### 13 Debtors

	2019 £	2018 £
<b>Amounts falling due within one year:</b>		
Trade debtors	3,370,649	3,147,890
Amounts owed by group undertakings	2,546,627	2,289,248
Other debtors	24,309	21,737
Prepayments and accrued income	532,017	517,843
	<u>6,473,602</u>	<u>5,976,718</u>

# JWS WASTE & RECYCLING SERVICES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 OCTOBER 2019

### 14 Creditors: amounts falling due within one year

	Notes	2019 £	2018 £
Obligations under finance leases	16	263,584	276,952
Trade creditors		2,462,109	2,566,981
Corporation tax		36,551	40,561
Other taxation and social security		330,403	465,556
Other creditors		181,396	272,105
Accruals and deferred income		309,057	328,464
		<u>3,583,100</u>	<u>3,950,619</u>

Other creditors include invoice discounting of £186,399 (2018: £277,668) which are secured by a legal charge and a debenture on trade debtors of £3,388,228 (2018: £3,147,890).

Net obligations under finance and hire purchase contracts are secured by fixed charges on the assets concerned.

### 15 Creditors: amounts falling due after more than one year

	Notes	2019 £	2018 £
Obligations under finance leases	16	<u>520,260</u>	<u>331,912</u>

Net obligations under finance and hire purchase contracts are secured by fixed charges on the assets concerned.

### 16 Finance lease obligations

	2019 £	2018 £
Future minimum lease payments due under finance leases:		
Within one year	263,582	276,952
In two to five years	<u>520,262</u>	<u>331,912</u>
	<u>783,844</u>	<u>608,864</u>

Finance lease payments represent rentals payable by the company for certain items of plant and machinery. Leases include purchase options at the end of the lease period, and no restrictions are placed on the use of the assets. The average lease term is 3 years. All leases are on a fixed repayment basis and no arrangements have been entered into for contingent rental payments.

# JWS WASTE & RECYCLING SERVICES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 OCTOBER 2019

### 17 Provisions for liabilities

	Notes	2019 £	2018 £
		1,107	7,744
Deferred tax liabilities	18	457,458	348,997
		<u>458,565</u>	<u>356,741</u>

Movements on provisions apart from deferred tax liabilities:

	£
At 1 November 2018	7,744
Utilisation of provision	(6,637)
	<u>1,107</u>
At 31 October 2019	<u>1,107</u>

### 18 Deferred taxation

The following are the major deferred tax liabilities and assets recognised by the company and movements thereon:

	Liabilities 2019 £	Liabilities 2018 £
<b>Balances:</b>		
Accelerated capital allowances	273,547	165,086
Revaluations	183,911	183,911
	<u>457,458</u>	<u>348,997</u>
	<u>457,458</u>	<u>348,997</u>
<b>Movements in the year:</b>		2019 £
Liability at 1 November 2018		348,997
Charge to profit or loss		108,461
		<u>457,458</u>
Liability at 31 October 2019		<u>457,458</u>

### 19 Government grants

A previously received grant is being released on a 20% straight line basis to the profit and loss account. The balance remaining at 31 October 2019 was £1,105 (2018: £7,743).



# JWS WASTE & RECYCLING SERVICES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 OCTOBER 2019

### 20 Retirement benefit schemes

	2019	2018
	£	£
<b>Defined contribution schemes</b>		
Charge to profit or loss in respect of defined contribution schemes	48,469	28,950

The company operates a defined contribution pension scheme for all qualifying employees. The assets of the scheme are held separately from those of the company in an independently administered fund.

### 21 Share capital

	2019	2018
	£	£
<b>Ordinary share capital</b>		
<b>Issued and fully paid</b>		
2 Ordinary of £1 each	2	2

### 22 Reserves

#### Revaluation reserve

Revaluation reserve - This reserve records the value of asset revaluations and fair value movements on assets recognised in other comprehensive income.

#### Profit and loss reserves

Profit and loss account - This reserve records retained earnings and accumulated losses.

### 23 Operating lease commitments

#### Lessee

At the reporting end date the company had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	2019	2018
	£	£
Within one year	1,010,137	998,926
Between two and five years	1,067,403	1,300,284
	<u>2,077,540</u>	<u>2,299,210</u>

# JWS WASTE & RECYCLING SERVICES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 OCTOBER 2019

### 24 Related party transactions

By virtue of a directorship and shareholding in the parent company, JWS Holdings Limited, P A Sanders is a related party.

During the year, the following transactions took place:

The company paid consultancy fees of £1,100 (2018: £2,360) to P A Sanders.

The company has taken advantage of FRS 102 paragraph 33.1A available to companies producing consolidated group financial statements and chosen not to disclose related party transactions within the group for 100% owned subsidiaries.

Key management personnel include all persons that have authority and responsibility for planning, directing and controlling the activities of the company. The total compensation paid to key management personnel for services provided to the company was £138,350 (2018: £151,555).

### 25 Ultimate controlling party

The ultimate parent company is JWS Holdings Limited, a company registered in England and Wales. The registered office of JWS Holdings Limited is Westport House, 35 Frederick Road, Salford, Greater Manchester, M6 6LD.

The financial statements are consolidated into JWS Holdings Limited, the ultimate holding company.

### 26 Cash generated from operations

	2019 £	2018 £
Profit for the year after tax	1,000,398	261,047
<b>Adjustments for:</b>		
Taxation charged/(credited)	144,989	(156,256)
Finance costs	102,885	106,584
Gain on disposal of tangible fixed assets	(11,136)	(3,818)
Depreciation and impairment of tangible fixed assets	417,889	435,352
Decrease in provisions	(6,637)	(6,637)
<b>Movements in working capital:</b>		
Increase in debtors	(496,884)	(441,850)
(Decrease)/increase in creditors	(350,141)	319,642
<b>Cash generated from operations</b>	<b>801,363</b>	<b>514,064</b>

This document was delivered using electronic communications and authenticated in accordance with the registrar's rules relating to electronic form, authentication and manner of delivery under section 1072 of the Companies Act 2006.