

Company Registration No. 02640102 (England and Wales)

CWM ENVIRONMENTAL LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018

CWM ENVIRONMENTAL LIMITED

COMPANY INFORMATION

Directors	Mr R Thomas	
	Mr S Gallagher	
	Mr D Gilbert	
	Mr O W Bowen	(Appointed 11 July 2018)
	Mrs R M Mullen	(Appointed 19 July 2018)
	Mr A Williams	(Appointed 11 July 2018)

Secretary	Mr R Thomas
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Company number	02640102
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Registered office	MRF Unit Cillefwr Industrial Estate Alltychap, Johnstown CARMARTHEN UK SA31 3RA
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Auditor	Baldwins Audit Services Charter Court Phoenix Way Enterprise Park SWANSEA UK SA7 9FS
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CWM ENVIRONMENTAL LIMITED

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CWM ENVIRONMENTAL LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 31 DECEMBER 2018

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

CWM Environmental Limited ("the Company") trades as a Waste Disposal Company. The Company holds waste management contracts with a number of Local Authorities (including Carmarthenshire County Council); it also oversees a commercial portfolio of kerbside services and provides bespoke material handling services to larger customers.

Review of business and future developments

The results for the year ended 31 December 2018 and the preceding financial year are shown in the annexed financial statements.

The external commercial environment is expected to remain competitive throughout 2019 due to the pressures from local competitors; however, the directors are confident that a satisfactory level of activity will be sustained for the foreseeable future.

Key performance indicators

The company's key performance indicators (KPI's) are summarised below:

KPI's	2018	2017
Turnover	£13,026k	£13,396k
Gross Profit	£2,419k	£2,858k
Gross Margin	19%	21%
Net current assets	£127k	£849k
Net assets	£4,317k	£5,276k

CWM ENVIRONMENTAL LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2018

Principal risks and uncertainties

The management of the business and the execution of the company's strategy are subject to a number of risks. The key business risks can be summarised as follows:

Risk	Potential impact	Mitigation
Competition	The market in which the company operates is subject to strong competition. The impact of such competition could impact on margins.	The company continues to invest heavily in its range of services. This, coupled with a focus on customer service, results in a high level of repeat business.
People	The business could be impacted by the loss of key individuals	The business looks to increase staff engagement through (1) regular opportunities to give feedback and to influence future business developments and (2) training and progression opportunities.
Compliance with laws and regulations	Non-compliance may result in financial penalties, a negative impact on the company's ability to operate effectively and reputational damage.	A robust regulatory framework ensures compliance with Environment Agency and other relevant requirements. Employees and contractors receive a rolling programme of training and guidance.

Business risks are reviewed regularly by the directors and appropriate processes are put in place to monitor and mitigate their impact.

Other performance indicators

The Company's operations expose it to a variety of financial risks that include the effects of price risk, credit risk, liquidity risk, interest rate risk and interest rate cash flow risk. The Company has in place an informal risk management programme that seeks to limit the adverse effects on the financial performance of the Company. Given the size of the Company, the directors have not delegated the responsibility for monitoring financial risk management to a sub-committee of the board. The policies set by the board of directors are implemented by the Company's finance department.

Price risk

The Company is exposed to commodity price risk. However, given the size of the Company's operations, the costs of managing the exposure to commodity price risk exceed any potential benefits. The directors will revisit the appropriateness of this policy should the Company's operations change in size or nature. The Company has no exposure to equity securities price risk as it holds no listed or other equity instruments.

Credit risk

The Company's financial assets are cash and trade debtors. The Company's credit risk is primarily attributable to its trade debtors which are presented in the balance sheet net of allowances for doubtful debts. The Company has implemented policies that require appropriate credit checks on potential customers before sales are made.

Liquidity and interest rate risk

The Company has cash reserves to fund its operations and utilises short term finance as required.

Interest rate cash flow risk

The Company has interest bearing assets. Interest bearing assets include only cash balances, all of which earn interest at variable rates.

CWM ENVIRONMENTAL LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2018

On behalf of the board

Mr O W Bowen

Director

19 September 2019

CWM ENVIRONMENTAL LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2018

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

Principal activities

The principal activity of the company continued to be that of a Local Authority Waste Disposal Company.

Future developments

The strategy and future developments in the business are set out in the Strategic Report.

Directors

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

Mr R Thomas	
Ms K Ogden	(Resigned 11 July 2018)
Mr E W Morgan	(Resigned 31 December 2018)
Mr S Gallagher	
Mr D Gilbert	
Mr O W Bowen	(Appointed 11 July 2018)
Mrs R M Mullen	(Appointed 19 July 2018)
Mr A Williams	(Appointed 11 July 2018)

Results and dividends

The results for the year are set out on page 8.

No ordinary dividends were paid during the year (2017: £nil). The directors do not recommend payment of a final dividend in respect of the year (2017: £nil).

Auditor

On 15 April 2019 as a result of a recent merger, MHA Broomfield Alexander resigned as auditors in accordance with Section 516 of the Companies Act 2006 and re-engaged its services as Baldwins Audit Services. In accordance with the company's articles, a resolution proposing that Baldwins Audit Services be reappointed as auditor of the company will be put at a General Meeting.

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

Mr O W Bowen
Director

19 September 2019

CWM ENVIRONMENTAL LIMITED

DIRECTORS' RESPONSIBILITIES STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2018

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 prepared the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 The Financial Reporting Standard Applicable in the UK and Republic of Ireland (FRS 102). 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;
- state whether applicable United Kingdom Accounting Standards, including FRS 102 have been followed, subject to any material departures disclosed and explained in the financial statements;
- notify its shareholders in writing about the use of disclosure exemptions, if any, of FRS 102 used in the preparation of financial statements; 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.

CWM ENVIRONMENTAL LIMITED

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF CWM ENVIRONMENTAL LIMITED

Opinion

We have audited the financial statements of Cwm Environmental Limited (the 'company') for the year ended 31 December 2018 which comprise the statement of income and retained earnings, the balance sheet, 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 December 2018 and of its loss 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.

CWM ENVIRONMENTAL LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED) TO THE MEMBERS OF CWM ENVIRONMENTAL LIMITED

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.

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.

James Edward Dobson BSc(Hons) FCA (Senior Statutory Auditor)
for and on behalf of Baldwins Audit Services

19 September 2019

Accountants
Statutory Auditor

Charter Court
Phoenix Way
Enterprise Park
SWANSEA
UK
SA7 9FS

CWM ENVIRONMENTAL LIMITED

STATEMENT OF INCOME AND RETAINED EARNINGS

FOR THE YEAR ENDED 31 DECEMBER 2018

	Notes	2018 £'000	2017 £'000
Turnover	3	13,026	13,396
Cost of sales		(10,607)	(10,538)
Gross profit		2,419	2,858
Administrative expenses		(3,445)	(3,323)
Other operating income		92	101
Operating loss	4	(934)	(364)
Interest receivable and similar income	7	3	1
Interest payable and similar expenses	8	(28)	(37)
Loss before taxation		(959)	(400)
Tax on loss	9	-	(51)
Loss for the financial year		(959)	(451)
Retained earnings brought forward		4,947	5,398
Retained earnings carried forward		3,988	4,947

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

CWM ENVIRONMENTAL LIMITED

BALANCE SHEET

AS AT 31 DECEMBER 2018

		2018		2017	
	Notes	£'000	£'000	£'000	£'000
Fixed assets					
Tangible assets	10		8,863		9,194
Current assets					
Debtors	13	1,302		1,897	
Cash at bank and in hand		1,714		1,833	
		<u>3,016</u>		<u>3,730</u>	
Creditors: amounts falling due within one year	14	<u>(2,888)</u>		<u>(2,881)</u>	
Net current assets			128		849
Total assets less current liabilities			<u>8,991</u>		<u>10,043</u>
Creditors: amounts falling due after more than one year	15		(365)		(465)
Provisions for liabilities	17		<u>(4,309)</u>		<u>(4,302)</u>
Net assets			<u><u>4,317</u></u>		<u><u>5,276</u></u>
Capital and reserves					
Called up share capital	20		329		329
Profit and loss reserves			<u>3,988</u>		<u>4,947</u>
Total equity			<u><u>4,317</u></u>		<u><u>5,276</u></u>

The financial statements were approved by the board of directors and authorised for issue on 19 September 2019 and are signed on its behalf by:

Mr O W Bowen
Director

Company Registration No. 02640102

CWM ENVIRONMENTAL LIMITED

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2018

		2018		2017	
	Notes	£'000	£'000	£'000	£'000
Cash flows from operating activities					
Cash generated from operations	26		527		616
Interest paid			(28)		(37)
Net cash inflow from operating activities			499		579
Investing activities					
Purchase of tangible fixed assets		(443)		(780)	
Proceeds on disposal of tangible fixed assets		69		105	
Interest received		3		1	
Net cash used in investing activities			(371)		(674)
Financing activities					
Payment of finance leases obligations		(247)		(52)	
Net cash used in financing activities			(247)		(52)
Net decrease in cash and cash equivalents			(119)		(147)
Cash and cash equivalents at beginning of year			1,833		1,980
Cash and cash equivalents at end of year			1,714		1,833

CWM ENVIRONMENTAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2018

1 Accounting policies

Company information

Cwm Environmental Limited is a limited company domiciled and incorporated in England and Wales. The registered office is MRF Unit, Cillefwr Industrial Estate, Alltychap, Johnstown, CARMARTHEN, UK, SA31 3RA. The principal activity of the company is that of a Local Authority Waste Disposal Company.

1.1 Accounting convention

These financial statements have been prepared in accordance with Financial Reporting Standard 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 £'000.

The financial statements have been prepared on the historical cost convention, modified to include certain financial instruments at fair value. The principal accounting policies adopted, which have been applied consistently, are set out below.

The preparation of financial statements requires the use of certain critical accounting estimates. It also requires management to exercise judgment in the process of applying the Company accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 2.

Departure from FRS102

FRS102 requires that, where the time value of money has a material effect on the amount to be paid, a provision should be discounted and recognised at the present value of the amount expected to be required to settle the obligation. The provision for expected costs of restoring and maintaining the landfill site (as set out in note 18) has not been discounted. This provision has been determined in line with guidance provided by Natural Resource Wales, which specifically requires that the provision recognised is not discounted.

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, which includes landfill tax but excludes value added tax and trade discounts, represents the invoiced value of services supplied. Turnover is recognised at the time the service is performed.

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer (usually on dispatch of the goods), the amount of revenue can be measured reliably, it is probable that the economic benefits associated with the transaction will flow to the entity and the costs incurred or to be incurred in respect of the transaction can be measured reliably.

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.

CWM ENVIRONMENTAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2018

1 Accounting policies (Continued)

Depreciation is provided at rates calculated to write off the cost less estimated residual value of each asset over its expected useful life on a straight line basis, as follows:

Freehold Land	0%
Land and buildings	3 - 5%
Plant and machinery, fixtures, fittings & equipment	10 - 25%
Motor vehicles	25%

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.

1.5 Impairment of fixed assets

At each reporting 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.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

The "percentage of completion method" is used to determine the appropriate amount to recognise in a given period. The stage of completion is measured by the proportion of contract costs incurred for work performed to date compared to the estimated total contract costs. Costs incurred in the year in connection with future activity on a contract are excluded for contract costs in determining the stage of completion. These costs are presented as stocks, prepayments or other assets depending on their nature, and provided it is probable they will be recovered.

Bank interest accruing on capital borrowed to fund the production of long term contracts is carried forward within long term contract balances.

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.

CWM ENVIRONMENTAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2018

1 Accounting policies (Continued)

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 assets are recognised in the company's statement of financial position when the company becomes party to the contractual provisions of the instrument.

Financial assets are classified into specified categories. The classification depends on the nature and purpose of the financial assets and is determined at the time of recognition.

Basic financial assets, which include trade and other receivables 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. Other financial assets classified as fair value through profit or loss are measured at fair value.

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.

Trade debtors, loans and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as 'loans and receivables'. Loans and receivables are measured at amortised cost using the effective interest method, less any impairment.

Interest is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial. The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating the interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the debt instrument to the net carrying amount on initial recognition.

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. The impairment loss is recognised in profit or loss.

CWM ENVIRONMENTAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2018

1 Accounting policies (Continued)

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, loans from fellow group companies and preference shares that are classified as debt, 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.

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.

CWM ENVIRONMENTAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2018

1 Accounting policies (Continued)

1.9 Derivatives

Derivatives are initially recognised at fair value at the date a derivative contract is entered into and are subsequently remeasured to fair value at each reporting end date. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship.

A derivative with a positive fair value is recognised as a financial asset, whereas a derivative with a negative fair value is recognised as a financial liability.

1.10 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.

1.11 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.

Except in relation to the specific provision detailed in the departure from FRS102 in note 1.1, 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 it arises.

CWM ENVIRONMENTAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2018

1 Accounting policies (Continued)

1.12 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.

1.13 Retirement benefits

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

1.14 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.

1.15 Exemption from the requirement to prepare consolidated financial statements

The Company has taken advantage of the exemption available under Section 405 of the Companies Act 2006 not to prepare consolidated financial statements on the grounds that the dormant subsidiary undertakings are together wholly immaterial for the purpose of giving a true and fair view of the financial performance and position of the Company. Accordingly, these financial statements contain information about CWM Environmental Limited as an individual company and do not contain consolidated financial information as the parent of a group.

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.

CWM ENVIRONMENTAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2018

2 Judgements and key sources of estimation uncertainty (Continued)

Key sources of estimation uncertainty

The estimates and assumptions which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities are as follows.

Provision for expected costs of restoring and maintaining the landfill site

The provision for the expected costs of restoring and maintaining the Company's landfill site after the end of its useful life in the Company's business is based on expected costs that the directors' consider would discharge the Company's obligation for the restoration and maintenance of the landfill site. This assessment is based on guidance provided by Natural Resources Wales and the provision is made establishing a consumption factor which aims to provide for estimate future costs over the remaining operational life of the site. Aftercare costs, which form the bulk of the provision, are expressed as a rate per tonne and charged to the profit and loss account based on the annual tonnage input to the site. The provision is not discounted, the basis for which set out in note 1.1. See note 17 for the disclosures in relation to the provision.

Useful economic lives of tangible assets

The annual depreciation charge for tangible assets is sensitive to changes in the estimated useful economic lives and residual values of the assets. The useful economic lives and residual values are re-assessed annually. They are amended when necessary to reflect current estimates, based on technological advancement, future investments, economic utilisation and the physical condition of the assets. See note 10 for the carrying amount of the property plant and equipment, and note 1.4 for the useful economic lives for each class of assets.

Impairment of debtors

The company makes an estimate of the recoverable value of trade and other debtors. When assessing impairment of trade and other debtors, management considers factors including the current credit rating of the debtor, the ageing profile of debtors and historical experience. See note 13 for the net carrying amount of the debtors.

3 Turnover and other revenue

An analysis of the company's turnover is as follows:

	2018 £'000	2017 £'000
Turnover analysed by class of business		
Provision of services	11,428	10,987
Sale of materials	1,598	2,409
	<u>13,026</u>	<u>13,396</u>
	2018 £'000	2017 £'000
Other significant revenue		
Interest income	<u>3</u>	<u>1</u>

CWM ENVIRONMENTAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2018

3 Turnover and other revenue (Continued)

	2018 £'000	2017 £'000
Turnover analysed by geographical market		
United Kingdom	13,026	13,352
Netherlands	-	44
	<u>13,026</u>	<u>13,396</u>

4 Operating loss

	2018 £'000	2017 £'000
Operating loss for the year is stated after charging/(crediting):		
Fees payable to the company's auditor for the audit of the company's financial statements	15	16
Depreciation of owned tangible fixed assets	381	672
Depreciation of tangible fixed assets held under finance leases	371	336
Profit on disposal of tangible fixed assets	(49)	(94)
Operating lease charges	<u>227</u>	<u>243</u>

Fees payable to the company's auditors for the provision of non-audit services (tax compliance services) amounted to £3,000 (2017: £3,000).

5 Employees

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

	2018 Number	2017 Number
Operatives	57	54
Administration	<u>11</u>	<u>10</u>
	<u>68</u>	<u>64</u>

CWM ENVIRONMENTAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2018

5 Employees (Continued)

Their aggregate remuneration comprised:

	2018 £'000	2017 £'000
Wages and salaries	1,919	1,715
Social security costs	171	157
Pension costs	121	115
	<u>2,211</u>	<u>1,987</u>

6 Directors' remuneration

	2018 £'000	2017 £'000
Remuneration for qualifying services	246	276
Company pension contributions to defined contribution schemes	30	36
	<u>276</u>	<u>312</u>

The number of directors for whom retirement benefits are accruing under defined contribution schemes amounted to 3 (2017 - 3).

Remuneration disclosed above include the following amounts paid to the highest paid director:

	2018 £'000	2017 £'000
Remuneration for qualifying services	90	89
Company pension contributions to defined contribution schemes	18	17
	<u></u>	<u></u>

7 Interest receivable and similar income

	2018 £'000	2017 £'000
Interest income		
Other interest income	3	1
	<u></u>	<u></u>

8 Interest payable and similar expenses

	2018 £'000	2017 £'000
Other finance costs:		
Interest on finance leases and hire purchase contracts	28	37
	<u></u>	<u></u>

CWM ENVIRONMENTAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2018

9 Taxation

	2018 £'000	2017 £'000
Deferred tax		
Origination and reversal of timing differences	-	51
	<u> </u>	<u> </u>

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

	2018 £'000	2017 £'000
Loss before taxation	(959)	(400)
	<u> </u>	<u> </u>
Expected tax credit based on the standard rate of corporation tax in the UK of 19.00% (2017: 19.50%)	(182)	(78)
Tax effect of expenses that are not deductible in determining taxable profit	-	3
Tax effect of income not taxable in determining taxable profit	(29)	(18)
Unutilised tax losses carried forward	188	21
Permanent capital allowances in excess of depreciation	14	-
Depreciation on assets not qualifying for tax allowances	-	60
Other non-reversing timing differences	9	12
Deferred tax adjustments in respect of prior years	-	51
	<u> </u>	<u> </u>
Taxation charge for the year	-	51
	<u> </u>	<u> </u>

A deferred tax asset of £252k (2017: £94k) exists. This has not been fully recognised in the financial statements due to the short term uncertainty over its recoverability.

CWM ENVIRONMENTAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2018

10 Tangible fixed assets

	Freehold Land	Land and buildings	Plant and machinery, fixtures, fittings & equipment	Motor vehicles	Total
	£'000	£'000	£'000	£'000	£'000
Cost					
At 1 January 2018	4,771	10,742	6,408	1,112	23,033
Additions	-	46	170	227	443
Disposals	-	-	(112)	(197)	(309)
At 31 December 2018	4,771	10,788	6,466	1,142	23,167
Depreciation and impairment					
At 1 January 2018	-	8,658	4,401	782	13,841
Depreciation charged in the year	-	93	523	136	752
Eliminated in respect of disposals	-	-	(112)	(177)	(289)
At 31 December 2018	-	8,751	4,812	741	14,304
Carrying amount					
At 31 December 2018	4,771	2,037	1,654	401	8,863
At 31 December 2017	4,771	2,084	2,008	331	9,194
Last year c/fwd cost	4,771	10,742	6,409	1,112	
Differs from this year b/fwd by	-	-	(1)	-	
Last year c/fwd depreciation	-	8,658	4,401	781	
Differs from this year b/fwd by	-	-	-	1	
The net carrying value of tangible fixed assets includes the following in respect of assets held under finance leases or hire purchase contracts.					
				2018	2017
				£'000	£'000
Plant and machinery, fixtures, fittings & equipment				1,161	1,700

CWM ENVIRONMENTAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2018

11 Fixed asset investments

Investments held

Fixed asset investments comprise equity shares held in the following non-publicly traded companies.

The company holds 100% of the ordinary share capital of Pembrokeshire Recycling Company Limited, a company registered in England and Wales which was dormant throughout both the current and comparative periods. The company has net assets of £100 (2017: £100). Registered Office: Mrf Unit Cillefwr Industrial, Estate Alltynap Road Johnstown, Carmarthen, Carmarthenshire, SA31 3RA

The company holds 100% of the ordinary share capital of Carmarthenshire Recycling Company Limited, a company registered in England and Wales which was dormant throughout both the current and comparative periods. The company has net assets of £2 (2017: £2). Registered Office: Cillewr Industrial Estate, Alltynap Road Johnstown, Carmarthen, Carmarthenshire, SA31 3RA

Fair value of financial assets carried at amortised cost

The directors consider that the carrying amounts of financial assets carried at amortised cost in the financial statements approximate to their fair values.

12 Financial instruments

	2018 £'000	2017 £'000
Carrying amount of financial assets		
Debt instruments measured at amortised cost	1,196	1,792
	<u> </u>	<u> </u>
Carrying amount of financial liabilities		
Measured at amortised cost	3,103	3,178
	<u> </u>	<u> </u>

13 Debtors

	2018 £'000	2017 £'000
Amounts falling due within one year:		
Trade debtors	469	762
Amounts owed by group undertakings	727	1,030
Prepayments and accrued income	106	105
	<u> </u>	<u> </u>
	1,302	1,897
	<u> </u>	<u> </u>

Trade debtors disclosed above are measured at amortised cost.

CWM ENVIRONMENTAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2018

14 Creditors: amounts falling due within one year

	Notes	2018 £'000	2017 £'000
Obligations under finance leases	16	387	534
Trade creditors		1,878	1,928
Amounts owed to group undertakings		17	17
Taxation and social security		150	168
Other creditors		11	11
Accruals and deferred income		445	223
		<u>2,888</u>	<u>2,881</u>

15 Creditors: amounts falling due after more than one year

	Notes	2018 £'000	2017 £'000
Obligations under finance leases	16	365	465
		<u>365</u>	<u>465</u>

16 Finance lease obligations

	2018 £'000	2017 £'000
Future minimum lease payments due under finance leases:		
Within one year	387	534
In two to five years	365	465
	<u>752</u>	<u>999</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 4 years. All leases are on a fixed repayment basis and no arrangements have been entered into for contingent rental payments.

17 Provisions for liabilities

	2018 £'000	2017 £'000
Landfill site restoration and maintenance	4,309	4,302
	<u>4,309</u>	<u>4,302</u>

CWM ENVIRONMENTAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2018

17 Provisions for liabilities (Continued)

Movements on provisions:

	Landfill site restoration and maintenance
	£'000
At 1 January 2018	4,302
Additional provisions in the year	60
Reversal of provision	(53)
	<u> </u>
At 31 December 2018	4,309
	<u> </u>

The provision for expected costs for restoring and maintaining the Company's landfill site after the end of its useful life in the Company's business relates to the expected costs that the directors consider would discharge the Company's obligation for restoring and maintenance of the landfill site. In accordance with guidance provided by Natural Resources Wales, no account is taken of the inflation rate at the time of this provision being calculated and the provision has not been discounted to net present values as there is no consistent and proven real rate of return on the funds. The provision for such costs has been based on the directors' best estimate of costs which will be borne by the Company, in conjunction with the guidance issued by Natural Resources Wales. The expected costs are subject to periodic review.

Natural Resources Wales requires security in respect of the provision. This security has been provided in the form of a bond from the Company's bankers amounting to £2.9 million and an amount of cash held in an Escrow account.

18 Deferred Tax

As at 31 December 2018 there were losses available to carry forward of £1,653,664 (2017: £663,000) resulting in a deferred tax asset which has not been recognised on the basis of uncertainty over recoverability.

19 Retirement benefit schemes

	2018 £'000	2017 £'000
Defined contribution schemes		
Charge to profit or loss in respect of defined contribution schemes	121	115
	<u> </u>	<u> </u>

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.

20 Share capital

	2018 £'000	2017 £'000
Ordinary share capital		
Issued and fully paid		
329,002 Ordinary Shares of £1 each	329	329
	<u> </u>	<u> </u>

CWM ENVIRONMENTAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2018

21 Financial commitments, guarantees and contingent liabilities

The Company has granted a debenture in favour of Barclays Bank plc ("the bank") in support of a performance bond of £2.9 million (2017: £2.7 million) provided by the bank to Natural Resources Wales on behalf of the Company.

The debenture is secured by a fixed and floating charge over the Company's assets.

22 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:

	2018 £'000	2017 £'000
Within one year	100	100
Between two and five years	41	142
	<u>141</u>	<u>242</u>

23 Capital commitments

Amounts contracted for but not provided in the financial statements:

	2018 £'000	2017 £'000
Acquisition of tangible fixed assets	-	40
	<u>-</u>	<u>40</u>

24 Related party transactions

Remuneration of key management personnel

The remuneration of key management personnel is as follows.

	2018 £'000	2017 £'000
Aggregate compensation	312	308
	<u>312</u>	<u>308</u>

CWM ENVIRONMENTAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2018

24 Related party transactions (Continued)

Transactions with related parties

During the year the company entered into the following transactions with related parties:

	Services provided		Services received	
	2018 £'000	2017 £'000	2018 £'000	2017 £'000
Carmarthenshire County Council	8,782	8,138	137	129
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

The following amounts were outstanding at the reporting end date:

	2018 £'000	2017 £'000
Amounts owed to related parties		
Carmarthenshire County Council	17	17
	<u> </u>	<u> </u>

The following amounts were outstanding at the reporting end date:

	2018 Balance £'000
Amounts owed by related parties	
Carmarthenshire County Council	727
	<u> </u>

	2017 Balance £'000
Amounts owed in previous period	
Carmarthenshire County Council	1,030
	<u> </u>

25 Ultimate controlling party

The Company is wholly owned by Carmarthenshire County Council and the directors recognise Carmarthenshire County Council as the ultimate controlling party by virtue of its controlling interest in the Company's share capital.

CWM ENVIRONMENTAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2018

26 Cash generated from operations

	2018 £'000	2017 £'000
Loss for the year after tax	(959)	(451)
Adjustments for:		
Taxation charged	-	51
Finance costs	28	37
Investment income	(3)	(1)
Gain on disposal of tangible fixed assets	(49)	(94)
Depreciation and impairment of tangible fixed assets	752	1,008
Increase in provisions	7	47
Movements in working capital:		
Decrease in debtors	595	3
Increase in creditors	156	16
Cash generated from operations	<u>527</u>	<u>616</u>

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.