REGISTERED NUMBER: 02640102 (England and Wales)

CWM ENVIRONMENTAL LTD.

STRATEGIC REPORT, REPORT OF THE DIRECTORS AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2023

MHA
Chartered Accountants and Statutory Auditor
Swansea, United Kingdom

CONTENTS OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023

COMPANY INFORMATION
FOR THE YEAR ENDED 31 MARCH 2023

DIRECTORS:	O W Bowen S P B Gallagher D Gilbert J W Jones R D Thomas A Williams
SECRETARY:	R D Thomas
REGISTERED OFFICE:	Head Office Nantycaws Recycling Centre Llanddarog Road Carmarthen SA32 8BG
REGISTERED NUMBER:	02640102 (England and Wales)
AUDITORS:	MHA Chartered Accountants and Statutory Auditor Swansea, United Kingdom
AUDITORS OFFICE:	MHA House Charter Court Swansea Enterprise Park Swansea SA7 9FS

STRATEGIC REPORT
FOR THE YEAR ENDED 31 MARCH 2023

The directors present their strategic report for the year ended 31 March 2023.

CWM Environmental Ltd. ("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 March 2023 and the preceding financial period ended 31 March 2022 are shown in the annexed financial statements.

The trading performance in the year is in line with the directors' expectations.

The external commercial environment is expected to remain competitive into 2024 due to market pressures; however, the directors are confident that a satisfactory level of activity will be sustained for the foreseeable future. The directors are confident that the company will return to profitability in 2024.

Key performance indicators

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

KPI's	Year ended 31 March 2023	Year ended 31 March 2022
Turnover	£14,335k	£13,448k
Gross Profit	£3,877k	£2,863k
Gross Margin	27.0%	21.3%
Net current assets	£269k	£404k
Net assets	£3,010k	£3,061k

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 statement of financial position 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.

ON BEHALF OF THE BOARD:

O W Bowen - Director

20 December 2023

REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 31 MARCH 2023

The directors present their report with the financial statements of the company for the year ended 31 March 2023.

PRINCIPAL ACTIVITY
The principal activity of the company in the year under review was that of a waste disposal company.

DIVIDENDS
No dividends will be distributed for the year ended 31 March 2023.

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

DIRECTORS
The directors shown below have held office during the whole of the period from 1 April 2022 to the date of this report.

O W Bowen
S P B Gallagher
D Gilbert
J W Jones
R D Thomas
A Williams

DISCLOSURE IN THE STRATEGIC REPORT
Included in the company's strategic report is a review of the business and a description of the principal risks and uncertainties facing the company.

STATEMENT OF DIRECTORS' RESPONSIBILITIES
The directors are responsible for preparing the Strategic Report, the Report of the Directors 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), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. 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 AS TO DISCLOSURE OF INFORMATION TO AUDITORS
So far as the directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the company's auditors are unaware, and each director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

AUDITORS
On 1 December 2022 as a result of a merger, Gerald Thomas resigned as auditors in accordance with Section 516 of the Companies Act 2006 and re-engaged its services as MHA.

The auditors, MHA, will be proposed for re-appointment at the forthcoming Annual General Meeting.

ON BEHALF OF THE BOARD:

O W Bowen - Director

20 December 2023

Opinion
We have audited the financial statements of CWM Environmental Ltd. (the 'company') for the year ended 31 March 2023 which comprise the Income Statement, Other Comprehensive Income, Statement of Financial Position, Statement of Changes in Equity, Statement of Cash Flows and Notes to the Statement of Cash Flows, Notes to the Financial Statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:
- give a true and fair view of the state of the company's affairs as at 31 March 2023 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 Auditors' 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
In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Other information
The directors are responsible for the other information. The other information comprises the information in the Strategic Report and the Report of the Directors, but does not include the financial statements and our Report of the Auditors 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 this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006
In our opinion, based on the work undertaken in the course of the audit:
- the information given in the Strategic Report and the Report of the Directors for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Report of the Directors have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception
In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report or the Report of the Directors.

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 Statement of Directors' Responsibilities set out on page five, 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 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.

Auditors' 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 a Report of the Auditors 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.

The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

Detecting irregularities
Irregularities, including fraud, are instances of non-compliance with laws and regulations.

The objectives of our audit in relation to fraud are as follows:
- to identify and assess the risks of material misstatement of the financial statements due to fraud:
- to obtain sufficient appropriate audit evidence regarding the assessed risks of material misstatement due to fraud, through designing and implementing appropriate responses;
- and to respond appropriately to fraud or suspected fraud identified during the audit.

However, the primary responsibility for the prevention and detection of fraud rests with the directors.

Auditor's approach to assessing the risk of material mis-statement due to irregularities, including fraud
We obtained an understanding of the legal and regulatory frameworks that are applicable to the company and determined that the most significant framework which are directly relevant to specific assertions is in the financial statements are those that relate to the reporting framework (FRS 102 and the Companies Act 2006) and the relevant tax compliance regulations in the UK.

We assessed the risk of material misstatement in respect of fraud and considered the extent to which non-compliance with laws and regulations might have a material effect on the financial statements.

Audit procedures designed to respond to the risks of non-compliance with laws and regulations
Based on the results of our risk assessment, we designed our audit procedures to identify non-compliance with such laws and regulations identified above. We made enquiries of senior management of the company to understand how the company is complying with those frameworks. Audit procedures performed by the engagement team also included a review of the financial statements disclosures to underlying supporting documentation.

Audit procedures designed to respond to the risks of fraud
We assessed the susceptibility of the company's financial statements to material misstatement, including how fraud might occur, by means of developing an understanding of the company's controls and discussing with management the perceived risks and garnering where they considered there was susceptibility to fraud.

Based on the result of our assessment we designed our audit procedures to identify and to address material misstatement in relation to fraud.

As well as adopting an attitude of professional scepticism, we have obtained information for use in identifying the risk of fraud when performing risk assessment procedures and performed the following procedures in light of the risk of fraud:

- Discussion amongst the engagement team regarding the susceptibility of the company to fraud;
- Enquiring of management how they: assess the risk of fraud; identify and respond to the risks of fraud;
- Enquiring of management and directors whether they have any knowledge of actual or suspected fraud;
- Enquiring of management and those charged with governance around actual and potential litigation and claims;
- Assessing the extent of compliance with the laws and regulations considered to have a direct material effect on the financial statements or the operations of the company through enquiry and inspection;
- Reviewing financial statements disclosures and testing to supporting documentation to assess compliance with applicable laws and regulations.
- Remaining alert to inconsistent or contradictory information and obtaining evidence to support information provided.

Management override of controls
We considered the risk of fraud through management override and, in response, we incorporated testing of manual journal entries into our audit approach. The audit engagement team performed journal entry testing using a risk-based approach and evaluated whether there was evidence of bias, with a focus on any journals indicating large or unusual transactions, non-routine journals and journals processed for before and after the accounting reference date.

Considerations around the likelihood of detection
Owing to the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with laws and regulations. The risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements , as we will be less likely to become aware of instances of non-compliance. The risk of not detecting a material mis-statement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. We are not responsible for preventing non-compliance and cannot be expected to detect non-compliance with all laws and regulations.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at www.frc.org.uk/auditorsresponsibilities. This description forms part of our Report of the Auditors.

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 a Report of the Auditors 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.

Brian Garland BA ACA (Senior Statutory Auditor)
for and on behalf of MHA
Chartered Accountants and Statutory Auditor
Swansea, United Kingdom

22 December 2023

INCOME STATEMENT
FOR THE YEAR ENDED 31 MARCH 2023

	Notes	2023 £	2023 £	2022 £	2022 £
TURNOVER	3		14,334,832		13,448,460
Cost of sales			10,458,021		10,585,522
GROSS PROFIT			3,876,811		2,862,938
Impairment losses for tangible fixed assets		-		664,771	
Administrative expenses		4,103,693		3,669,924	
			4,103,693		4,334,695
			(226,882)		(1,471,757)
Other operating income			231,483		433,855
OPERATING PROFIT/(LOSS)	6		4,601		(1,037,902)
Interest receivable and similar income	7		12,658		22
			17,259		(1,037,880)
Interest payable and similar expenses	8		68,654		52,160
LOSS BEFORE TAXATION			(51,395)		(1,090,040)
Tax on loss	9		-		-
LOSS FOR THE FINANCIAL YEAR			(51,395)		(1,090,040)

The notes form part of these financial statements

OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 MARCH 2023

	Notes	2023 £	2022 £
LOSS FOR THE YEAR		(51,395)	(1,090,040)
OTHER COMPREHENSIVE INCOME		-	-
TOTAL COMPREHENSIVE LOSS FOR THE YEAR		(51,395)	(1,090,040)

The notes form part of these financial statements

STATEMENT OF FINANCIAL POSITION
31 MARCH 2023

	Notes	2023 £	2023 £	2022 £	2022 £
FIXED ASSETS					
Tangible assets	10		8,761,582		9,225,867
Investments	11		-		-
			8,761,582		9,225,867
CURRENT ASSETS					
Debtors	12	1,397,847		2,604,217	
Cash at bank and in hand		2,017,614		1,519,706	
		3,415,461		4,123,923	
CREDITORS					
Amounts falling due within one year	13	3,146,367		3,719,652	
NET CURRENT ASSETS			269,094		404,271
TOTAL ASSETS LESS CURRENT LIABILITIES			9,030,676		9,630,138
CREDITORS					
Amounts falling due after more than one year	14		(1,414,696)		(2,124,204)
PROVISIONS FOR LIABILITIES	18		(4,606,182)		(4,444,741)
NET ASSETS			3,009,798		3,061,193
CAPITAL AND RESERVES					
Called up share capital	19		329,002		329,002
Retained earnings	20		2,680,796		2,732,191
SHAREHOLDERS' FUNDS			3,009,798		3,061,193

The financial statements were approved by the Board of Directors and authorised for issue on 20 December 2023 and were signed on its behalf by:

O W Bowen - Director

The notes form part of these financial statements

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2023

	Called up share capital £	Retained earnings £	Total equity £
Balance at 1 April 2021	329,002	3,822,231	4,151,233
Changes in equity			
Total comprehensive loss	-	(1,090,040)	(1,090,040)
Balance at 31 March 2022	329,002	2,732,191	3,061,193
Changes in equity			
Total comprehensive loss	-	(51,395)	(51,395)
Balance at 31 March 2023	329,002	2,680,796	3,009,798

The notes form part of these financial statements

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 MARCH 2023

	Notes	2023 £	2022 £
Cash flows from operating activities			
Cash generated from operations	1	1,093,361	(117,407)
Interest paid		(20,554)	(19,974)
Interest element of hire purchase payments paid		(48,100)	(32,186)
Net cash from operating activities		1,024,707	(169,567)
Cash flows from investing activities			
Purchase of tangible fixed assets		(648,374)	(1,212,188)
Sale of tangible fixed assets		34,078	254,338
Interest received		12,658	22
Net cash from investing activities		(601,638)	(957,828)
Cash flows from financing activities			
Net increase in loans in year		-	496,246
Capital repayments in year		(121,632)	(593,003)
Net cash from financing activities		(121,632)	(96,757)
Increase/(decrease) in cash and cash equivalents		301,437	(1,224,152)
Cash and cash equivalents at beginning of year	2	1,375,058	2,599,210
Cash and cash equivalents at end of year	2	1,676,495	1,375,058

The notes form part of these financial statements

1. RECONCILIATION OF LOSS BEFORE TAXATION TO CASH GENERATED FROM OPERATIONS

	2023	2022
	£	£
Loss before taxation	(51,395)	(1,090,040)
Depreciation charges	1,082,719	1,048,207
Profit on disposal of fixed assets	(4,138)	(143,684)
Movements in provisions	161,441	(43,804)
Impairment of assets	-	664,771
Increase in deferred income	-	87,955
Finance costs	68,654	52,160
Finance income	(12,658)	(22)
	1,244,623	575,543
Decrease/(increase) in trade and other debtors	1,206,370	(686,067)
Decrease in trade and other creditors	(1,357,632)	(6,883)
Cash generated from operations	1,093,361	(117,407)

2. CASH AND CASH EQUIVALENTS

The amounts disclosed on the Statement of Cash Flows in respect of cash and cash equivalents are in respect of these Statement of Financial Position amounts:

Year ended 31 March 2023

	31/3/23	1/4/22
	£	£
Cash and cash equivalents	2,017,614	1,519,706
Bank overdrafts	(341,119)	(144,648)
	1,676,495	1,375,058

Year ended 31 March 2022

	31/3/22	1/4/21
	£	£
Cash and cash equivalents	1,519,706	2,599,210
Bank overdrafts	(144,648)	-
	1,375,058	2,599,210

3. **ANALYSIS OF CHANGES IN NET FUNDS**

	At 1/4/22	Cash flow	At 31/3/23
	£	£	£
Net cash			
Cash at bank and in hand	1,519,706	497,908	2,017,614
Bank overdrafts	(144,648)	(196,471)	(341,119)
	1,375,058	301,437	1,676,495
Debt			
Finance leases	(738,652)	121,632	(617,020)
	(738,652)	121,632	(617,020)
Total	636,406	423,069	1,059,475

1. STATUTORY INFORMATION

CWM Environmental Ltd. is a private company, limited by shares , registered in England and Wales. The company's registered number and registered office address can be found on the Company Information page.

The presentation currency of the financial statements is the Pound Sterling (£).

Monetary amounts in these financial statements are rounded to nearest £.

2. ACCOUNTING POLICIES

Basis of preparing the financial statements
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" and the Companies Act 2006. The financial statements have been prepared under the historical cost convention.

Going concern
The financial statements have been prepared on a going concern basis which assumes the company will continue in operational existence for the foreseeable future. In making their assessment the directors have reviewed the statement of financial position, the likely future cash flows of the business and have considered facilities that are in place at the date of signing the report.

The directors have prepared up-to-date forecasts and are confident they have taken all necessary steps to manage the Company's affairs. 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 and therefore continue to adopt the going concern basis.

Exemption from the requirement to prepare consolidated financial statement
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 Ltd. as an individual company and do not contain consolidated financial information as the parent of a group.

Related party exemption
The company has taken advantage of exemption, under the terms of Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', not to disclose related party transactions with wholly owned subsidiaries within the group.

continued...

2. **ACCOUNTING POLICIES - continued**

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 on-going 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.

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.

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.

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 the debtors and historical experience.

continued...

2. **ACCOUNTING POLICIES - continued**

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.

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.

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 FRS 102, 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.

Employees 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.

Turnover
Turnover, which includes landfill tax but excludes value added tax and trade discounts, represents the invoiced value of services supplied.

Revenue recognition
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.

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2. **ACCOUNTING POLICIES - continued**

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 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	-	10 - 25%
Motor vehicles	-	25%

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

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.

continued...

2. **ACCOUNTING POLICIES - continued**

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 transactions 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 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.

continued...

2. **ACCOUNTING POLICIES - continued**

Derecognitionof 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 accordingly 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 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.

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

Taxation
Taxation for the year comprises current and deferred tax. Tax is recognised in the Income Statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity.

Current or deferred taxation assets and liabilities are not discounted.

Current tax
Current tax is recognised at the amount of tax payable using the tax rates and laws that have been enacted or substantively enacted by the statement of financial position date.

continued...

2. **ACCOUNTING POLICIES - continued**

Deferred tax

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the statement of financial position date.

Timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in financial statements. Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted by the year end and that are expected to apply to the reversal of the timing difference.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

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 statement of financial position 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.

Pension costs and other post-retirement benefits

The company operates a defined contribution pension scheme. Contributions payable to the company's pension scheme are charged to profit or loss in the period to which they relate.

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

Provisions for landfill site - restoration and maintenance

Departure from FRS 102

FRS 102 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 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.

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2. ACCOUNTING POLICIES - continued

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 value 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.

Long-term contracts
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 contracts balances.

3. TURNOVER

The turnover and loss before taxation are attributable to the one principal activity of the company.

An analysis of turnover by class of business is given below:

	2023	2022
	£	£
Provision of services	13,901,644	12,962,510
Sale of materials	433,188	485,950
	14,334,832	13,448,460

continued...

3. TURNOVER - continued

An analysis of turnover by geographical market is given below:

	2023	2022
	£	£
United Kingdom	14,334,832	13,448,460
	14,334,832	13,448,460

4. EMPLOYEES AND DIRECTORS

	2023	2022
	£	£
Wages and salaries	2,439,784	2,271,356
Social security costs	234,880	202,127
Other pension costs	138,321	125,198
	2,812,985	2,598,681

The average number of employees during the year was as follows:

	2023	2022
Operatives	71	63
Administration	14	14
	85	77

5. DIRECTORS' EMOLUMENTS

	2023	2022
	£	£
Directors' remuneration	152,762	148,766

The number of directors to whom retirement benefits were accruing was as follows:

Money purchase schemes	2	2

6. OPERATING PROFIT/(LOSS)

The operating profit (2022 - operating loss) is stated after charging/(crediting):

	2023	2022
	£	£
Hire of plant and machinery	108,176	165,226
Depreciation - owned assets	745,870	634,114
Depreciation - assets on hire purchase contracts	336,849	414,093
Profit on disposal of fixed assets	(4,138)	(143,684)
Auditors' remuneration	11,500	12,500
Auditors' remuneration for non audit work	3,500	3,500
Foreign exchange differences	3	(191)

continued...

7. INTEREST RECEIVABLE AND SIMILAR INCOME

	2023	2022
	£	£
Deposit account interest	12,658	22

8. INTEREST PAYABLE AND SIMILAR EXPENSES

	2023	2022
	£	£
Bank interest	784	2,952
Loan interest	19,770	17,022
Hire purchase	48,100	32,186
	68,654	52,160

9. TAXATION

Analysis of the tax charge
No liability to UK corporation tax arose for the year ended 31 March 2023 nor for the year ended 31 March 2022.

Reconciliation of total tax charge included in profit and loss
The tax assessed for the year is higher than the standard rate of corporation tax in the UK. The difference is explained below:

	2023	2022
	£	£
Loss before tax	(51,395)	(1,090,040)
Loss multiplied by the standard rate of corporation tax in the UK of 19% (2022 - 19%)	(9,765)	(207,108)
Effects of:		
Capital allowances in excess of depreciation	(303,338)	(144,448)
Other	(786)	-
Tax losses carried forward	313,889	351,556
Total tax charge	-	-

continued...

10. TANGIBLE FIXED ASSETS

	Freehold land £	Land and buildings £	Assets under construction £
COST			
At 1 April 2022	5,091,268	10,012,697	882,346
Additions	-	58,462	140,586
Disposals	-	-	-
At 31 March 2023	5,091,268	10,071,159	1,022,932
DEPRECIATION			
At 1 April 2022	-	8,552,019	-
Charge for year	-	253,796	-
Eliminated on disposal	-	-	-
At 31 March 2023	-	8,805,815	-
NET BOOK VALUE			
At 31 March 2023	5,091,268	1,265,344	1,022,932
At 31 March 2022	5,091,268	1,460,678	882,346

	Plant and machinery £	Motor vehicles £	Totals £
COST			
At 1 April 2022	5,881,629	1,649,625	23,517,565
Additions	32,201	417,125	648,374
Disposals	(6,995)	(99,468)	(106,463)
At 31 March 2023	5,906,835	1,967,282	24,059,476
DEPRECIATION			
At 1 April 2022	4,603,147	1,136,532	14,291,698
Charge for year	532,755	296,168	1,082,719
Eliminated on disposal	(583)	(75,940)	(76,523)
At 31 March 2023	5,135,319	1,356,760	15,297,894
NET BOOK VALUE			
At 31 March 2023	771,516	610,522	8,761,582
At 31 March 2022	1,278,482	513,093	9,225,867

The net book value of tangible fixed assets includes £ 750,950 (2022 - £ 895,769) in respect of assets held under hire purchase contracts.

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11. FIXED ASSET INVESTMENTS

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 (2022: £100). Registered Office: Head Office Nantycaws Recycling Centre, Llanddarog Road, Carmarthen, SA32 8BG.

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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 £1 (2022: £1). Registered Office: Head Office Nantycaws Recycling Centre, Llanddarog Road, Carmarthen, SA32 8BG.

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. Investments held at NIL value at the Statement of Financial position date.

12. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2023	2022
	£	£
Trade debtors	421,210	480,426
Amounts owed by group undertakings	885,698	1,798,055
Other debtors	-	225,000
Prepayments and accrued income	90,939	100,736
	1,397,847	2,604,217

Trade debtors disclosed above are measured at amortised cost.

13. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2023	2022
	£	£
Bank loans and overdrafts (see note 15)	341,119	144,648
Hire purchase contracts (see note 16)	343,089	386,014
Trade creditors	1,325,718	1,660,487
Amounts owed to group undertakings	9,908	171,133
Social security and other taxes	62,519	54,651
VAT	198,623	262,085
Other creditors	65,057	50,380
Accruals and deferred income	800,334	990,254
	3,146,367	3,719,652

14. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2023	2022
	£	£
Hire purchase contracts (see note 16)	273,931	352,638
Amounts owed to group undertakings	315,101	786,000
Deferred government grants	825,664	985,566
	1,414,696	2,124,204

continued...

15. LOANS

An analysis of the maturity of loans is given below:

	2023	2022
	£	£
Amounts falling due within one year or on demand:		
Bank overdrafts	341,119	144,648

16. LEASING AGREEMENTS

Minimum lease payments under hire purchase fall due as follows:

	2023	2022
	£	£
Net obligations repayable:		
Within one year	343,089	386,014
Between one and five years	273,931	352,638
	617,020	738,652

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. SECURED DEBTS

The following secured debts are included within creditors:

	2023	2022
	£	£
Hire purchase contracts	617,020	738,652
Loans from group undertakings	-	255,565
	617,020	994,217

Obligations under hire purchase contracts are secured over the assets to which they relate.

18. PROVISIONS FOR LIABILITIES

	2023	2022
	£	£
Other provisions	4,606,182	4,444,741

	Landfill site
	£
Balance at 1 April 2022	4,444,741
Reversal of provision	(48,559)
Increase in provisions	210,000
Balance at 31 March 2023	4,606,182

continued...

18. **PROVISIONS FOR LIABILITIES - continued**

Provision for landfill site - restoration and maintenance
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.

As part of its permit obligations with Natural Resources Wales for operating the Nantycaws site, Cwm Environmental Limited must have in place adequate financial provisions to discharge the obligations of the permit. Last year, Carmarthenshire County Council entered into a Local Authority Performance Deed with Natural Resources Wales for the purpose of securing the performance and observance of the provisions of the Site Permit. Cwm Environmental have made provision of £1,525k in a joint aftercare account held with the Council with the balance to be only used to meet the specified aftercare costs.

19. **CALLED UP SHARE CAPITAL**

Allotted, issued and fully paid:

Number:	Class:	Nominal value:	2023 £	2022 £
329,002	Ordinary	£1	329,002	329,002

20. **RESERVES**

	Retained earnings £
At 1 April 2022	2,732,191
Deficit for the year	(51,395)
At 31 March 2023	2,680,796

21. **PENSION COMMITMENTS**

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. £18,414 (2022 - £14,249) contributions were outstanding at the statement of financial position date.

22. **CAPITAL COMMITMENTS**

	2023 £	2022 £
Contracted but not provided for in the financial statements	-	-

continued...

23. RELATED PARTY DISCLOSURES

Entities with control, joint control or significant influence over the entity

	2023	2022
	£	£
Sales	10,904,118	10,233,064
Purchases	76,541	150,000
Amount due from related party	885,698	1,798,055
Amount due to related party	325,009	957,133

24. 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.