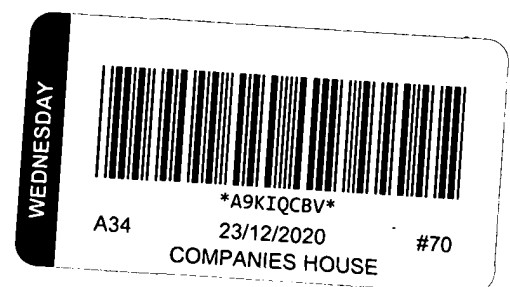


**Registered No. 02660628**

**Cynon Valley Waste Disposal Company Limited  
Trading as Amgen Cymru**

**Annual report and financial statements**

**for the year ended 31 March 2020**



**CYNON VALLEY WASTE DISPOSAL COMPANY LIMITED**  
**TRADING AS AMGEN CYMRU**

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**CYNON VALLEY WASTE DISPOSAL COMPANY LIMITED  
TRADING AS AMGEN CYMRU**

**Company Information**

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<b>DIRECTORS:</b>	N Wheeler D P Griffiths D J Lee (Appointment commenced 1 <sup>st</sup> November, 2019)
<b>SECRETARY:</b>	D P Griffiths
<b>REGISTERED OFFICE:</b>	Bryn Pica Llwydcoed Aberdare Rhondda Cynon Taf CF44 0BX
<b>REGISTERED NUMBER:</b>	02660628 (England and Wales)
<b>AUDITORS:</b>	Azets Audit Services Statutory Auditors Ty Derw Lime Tree Court Cardiff Gate Business Park Cardiff CF23 8AB

**CYNON VALLEY WASTE DISPOSAL COMPANY LIMITED**  
**TRADING AS AMGEN CYMRU**

**Strategic report**  
**for the year ended 31 March 2020**

The directors present the strategic report for the year ended 31 March 2020.

Cynon Valley Waste Disposal Company Limited ("the company") trades as a Waste Disposal Company. The company conducts business with a number of Local Authorities (primarily Rhondda Cynon Taf County Borough Council (RCTCBC)) including waste disposal and various recycling services.

**REVIEW OF BUSINESS AND FUTURE DEVELOPMENTS**

The results for the year ended 31 March 2020 and the preceding financial year are shown in the annexed financial statements.

The external commercial environment is expected to remain competitive throughout the next financial year. This is largely due to pressures on the commodity markets the company is exposed to. This is likely to be an even larger challenge in light of the COVID-19 pandemic and also the continuing uncertainty surrounding BREXIT.

During the year, the company's primary customer (RCTCBC) continued to develop and revise its waste collection and disposal arrangements in order to improve recycling rates. The consequential reductions in landfill and changes in recycling centre input tonnages continued during 2019-20.

The directors continue to monitor and respond to regulatory changes and are clearly aware of future landfill diversion policies emanating from Government. The potential impact upon landfill and recycling levels resulting from the waste strategy of RCTCBC will continue to be a challenge for the company in the new financial year. Whilst the future business operation will doubtlessly change (a further rebalancing of recycling and landfill activities), the directors are confident that the future business model will support a viable operation. Future developments include:

- The management, development and operation of Community Recycling Centres;
- Further increases in kerbside recycling;
- Supporting the residual waste disposal arrangements of RCTCBC;
- Further developing the efficiencies of the managed service contract for the Recycling Centre;
- Ongoing review of plant and vehicle requirements;
- Continuing to explore and develop commercial operations;
- Research and development of innovative and sustainable waste management solutions;
- Development of an eco-park at Bryn Pica;
- The exploration of any commercial opportunities provided by the new technology in the Recycling Centre;
- Working in collaboration with the shareholder to provide an education centre which will be a key recycling awareness tool for future generations.

**KEY PERFORMANCE INDICATORS**

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

KPI's	Year ended 31 March 2020	Year ended 31 March 2019
Turnover	£10,345k	£12,834k
Gross Profit	£799k	£956k
Gross Margin	8%	7%
Net Current Assets	£2,824k	£3,853k
Net Assets	£6,048k	£5,155k

**CYNON VALLEY WASTE DISPOSAL COMPANY LIMITED**  
**TRADING AS AMGEN CYMRU**

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

**PRINCIPAL RISKS AND UNCERTAINTIES**

The management of the business and the execution of the company's business plan are subject to a number of key business risks as outlined in the table below:

<b>Risk</b>	<b>Potential Impact</b>	<b>Mitigation</b>
<b>Competition</b>	The sector in which the company operates is subject to strong competition. The impact could impact on profitability margins going forward.	The company, in collaboration with its shareholder continues to invest heavily in its range of services and asset base. This, in conjunction with a focus on customer service, results in a high level of repeat business.
<b>People</b>	The business could be impacted by the loss of key individuals.	The business continuously engages staff through regular opportunities to give feedback and influence future business developments and training and progression opportunities.
<b>Compliance with laws and regulations</b>	Non-compliance may result in financial penalties, a negative impact on the company's ability to operate effectively and reputational damage especially given the type of sector the business operates in.	A robust regulatory framework ensures compliance with Natural Resources Wales and other relevant requirements. Both employees and contractors receive comprehensive training and guidance.

Business risks are reviewed regularly by the directors and appropriate processes are put in place to monitor and mitigate any potential 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 Company's financial performance. Given the Company's size, 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, predominantly arising from volatility in the market price available for the sale and disposal of recycled commodities. The company attempts to mitigate this risk by putting in place appropriate contractual and partnering arrangements. The company has no exposure to equity securities price risk as it does not hold any 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 board of directors continuously and rigorously review outstanding debts on a monthly basis with appropriate actions being taken to minimise the exposure.

**Liquidity and interest rate risk**

The company proactively monitors and manages its liquidity at Board level with debt/credit being regularly reviewed. The Company has cash reserves to fund its operations.

**CYNON VALLEY WASTE DISPOSAL COMPANY LIMITED  
TRADING AS AMGEN CYMRU**

**Strategic Report  
for the year ended 31 March 2020 (continued)**

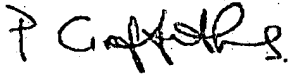
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**OTHER PERFORMANCE INDICATORS (continued)**

**Interest rate cash flow risk**

Interest bearing assets comprise cash balances which are not invested in long term instruments but retained as funds available for investment. Accordingly, the company has limited interest rate exposure.

**ON BEHALF OF THE BOARD:**



.....  
D P Griffiths - Secretary

Date: 11th November, 2020

**CYNON VALLEY WASTE DISPOSAL COMPANY LIMITED**  
**TRADING AS AMGEN CYMRU**

**Report of the Directors**  
**for the year ended 31 March 2020**

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The directors present their report and the audited financial statements of the company for the year ended 31 March 2020.

**PRINCIPAL ACTIVITIES**

The principal activities of the company in the year under review continued to be the provision of recycling services and waste disposal facilities.

**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 N Wheeler  
Mr D P Griffiths  
Mr D J Lee

(Appointed 1<sup>st</sup> November, 2019)

**RESULTS AND DIVIDENDS**

The results for the year are set out on page 9.

No ordinary dividends were paid during the year (2019: £Nil). The directors do not recommend the payment of a final dividend in respect of the year (2019 - £Nil).

**AUDITOR**

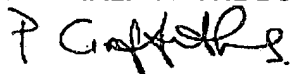
On 7 September 2020 Group Audit Service Limited trading as Baldwins Audit Services changed its name to Azets Audit Services Limited.

In accordance with the company's articles, a resolution proposing that Azets Audit Services be reappointed as auditor of the company will be put at a General Meeting.

**STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS**

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:**



.....  
D P Griffiths - Secretary

Date: 11th November, 2020

**CYNON VALLEY WASTE DISPOSAL COMPANY LIMITED**  
**TRADING AS AMGEN CYMRU**

**Directors' Responsibilities Statement**  
**for the year ended 31 March 2020**

---

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.



**Independent Auditors Report to the Members of  
Cynon Valley Waste Disposal Company Limited Trading as Amgen Cymru**

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**Opinion**

We have audited the financial statements of Cynon Valley Waste Disposal Limited (the 'company') for the year ended 31 March 2020 which comprise the income statement, the statement of other comprehensive income, the balance sheet, the statement of changes in equity and the notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including 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 March 2020 and of its loss for the period 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 period 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.

**Report of the Independent Auditors to the Members of  
Cynon Valley Waste Disposal Company Limited Trading as Amgen Cymru (continued)**

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**Matters on which we are required to report by exception**

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report and the directors' report.

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

**Responsibilities of directors**

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

**Auditor's responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: <http://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

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 Azets Audit Services

**11th November, 2020**  
.....

**Accountants**

**Statutory Auditor**

Ty Derw  
Lime Tree Court  
Cardiff Gate Business Park  
Cardiff  
CF23 8AB

**CYNON VALLEY WASTE DISPOSAL COMPANY LIMITED**  
**TRADING AS AMGEN CYMRU**

**Income statement**  
**for the year ended 31 March 2020**

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		<b>2020</b>	<b>2019</b>
	<b>Notes</b>	<b>£</b>	<b>£</b>
<b>TURNOVER</b>	<b>2</b>	<b>10,345,282</b>	<b>12,833,667</b>
Cost of sales		<b><u>(9,546,381)</u></b>	<b><u>(11,877,998)</u></b>
<b>GROSS PROFIT</b>		<b>798,901</b>	<b>955,669</b>
Administrative expenses		<b><u>(1,275,736)</u></b>	<b><u>(1,030,150)</u></b>
<b>OPERATING LOSS</b>	<b>3</b>	<b>(476,835)</b>	<b>(74,481)</b>
Interest receivable and similar income	<b>6</b>	<b>19,280</b>	<b>16,956</b>
Interest payable and similar charges	<b>7</b>	<b><u>(82,897)</u></b>	<b><u>(29,100)</u></b>
<b>LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		<b>(540,452)</b>	<b>(86,625)</b>
Tax on loss on ordinary activities	<b>8</b>	<b><u>41,889</u></b>	<b><u>(64,917)</u></b>
<b>LOSS FOR THE FINANCIAL YEAR</b>		<b><u>(498,563)</u></b>	<b><u>(151,542)</u></b>

The notes form part of these financial statements

**CYNON VALLEY WASTE DISPOSAL COMPANY LIMITED**  
**TRADING AS AMGEN CYMRU**

**Statement of comprehensive income**  
**for the year ended 31 March 2020**

---

	2020 £	2019 £
<b>LOSS FOR THE YEAR</b>	<b>(498,563)</b>	<b>(151,542)</b>
<b>OTHER COMPREHENSIVE INCOME</b>		
<b>Items that will not be reclassified to profit or loss:</b>		
Changes in fixed asset revaluation surplus	117,611	117,698
Changes in capital contribution reserve	7,295	-
Actuarial losses on pension scheme liabilities	(87,000)	(26,000)
Current year deferred tax adjustment	58,460	(35,870)
Remeasurement (losses)/gains on pension scheme asset	<u>(145,001)</u>	<u>237,000</u>
<b>OTHER COMPREHENSIVE INCOME</b>		
<b>FOR THE YEAR, NET OF INCOME</b>		
<b>TAX</b>	<b><u>(48,635)</u></b>	<b><u>292,828</u></b>
<b>TOTAL COMPREHENSIVE INCOME</b>		
<b>FOR THE YEAR</b>	<b><u>(547,198)</u></b>	<b><u>141,286</u></b>

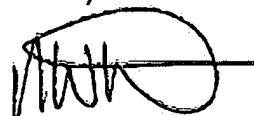
The notes form part of these financial statements

**CYNON VALLEY WASTE DISPOSAL COMPANY LIMITED (REGISTERED NUMBER: 02660628)**  
**TRADING AS AMGEN CYMRU**

**Balance Sheet**  
**As at 31 March 2020**

	Notes	2020 £	2019 £
<b>FIXED ASSETS</b>			
Tangible assets	9	12,775,707	2,916,476
Assets under construction	10	702,170	472,485
Investments	11	<u>100</u>	<u>100</u>
		<b>13,477,977</b>	<b>3,389,061</b>
<b>CURRENT ASSETS</b>			
Debtors	12	2,829,197	1,499,730
Cash at bank	13	<u>4,048,215</u>	<u>4,651,834</u>
		<b>6,877,412</b>	<b>6,151,564</b>
<b>CREDITORS</b>			
Amounts falling due within one year	14	<u>(4,053,581)</u>	<u>(2,298,668)</u>
<b>NET CURRENT ASSETS</b>		<b>2,823,831</b>	<b>3,852,896</b>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<b>16,301,808</b>	<b>7,241,957</b>
<b>CREDITORS: AMOUNTS FALLING DUE AFTER ONE YEAR</b>	17	<b>(7,733,380)</b>	<b>(167,576)</b>
<b>POST EMPLOYMENT BENEFITS</b>	18	<b>(1,239,000)</b>	<b>(719,000)</b>
<b>PROVISION FOR OTHER LIABILITIES</b>	19	<b>(1,281,222)</b>	<b>(1,200,076)</b>
<b>NET ASSETS</b>		<b>6,048,206</b>	<b>5,155,305</b>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	20	2,806,000	2,806,000
Revaluation reserve	21	811,441	929,052
Capital contribution reserve	21	1,557,710	-
Retained earnings	21	<u>873,055</u>	<u>1,420,253</u>
<b>SHAREHOLDERS' FUNDS</b>		<b>6,048,206</b>	<b>5,155,305</b>

The financial statements were approved by the Board of Directors on 11th November, 2020 and were signed on its behalf by:



.....  
N Wheeler - Director

The notes form part of these financial statements

**CYNON VALLEY WASTE DISPOSAL COMPANY LIMITED (REGISTERED NUMBER: 02660628)**  
**TRADING AS AMGEN CYMRU**

**Statement of changes in equity**  
**For the year ended 31 March 2020**

	<b>Called up share capital £</b>	<b>Retained earnings £</b>	<b>Revaluation reserve £</b>	<b>Capital Contribution reserve £</b>	<b>Total equity £</b>
<b>Balance at 31 March 2018</b>	2,806,000	1,278,967	1,046,750	-	5,131,717
<b>Changes in equity</b>					
Changes in revaluation reserve	-	-	(117,698)	-	(117,698)
Total comprehensive income	-	141,286	-	-	141,286
<b>Balance at 31 March 2019</b>	2,806,000	1,420,253	929,052	-	5,155,305
<b>Changes in equity</b>					
Changes in revaluation reserve	-	-	(117,611)	-	(117,611)
Capital contribution reserve	-	-	-	1,577,710	1,577,710
Total comprehensive income	-	(547,198)	-	-	(547,198)
<b>Balance at 31 March 2020</b>	2,806,000	873,055	811,441	1,577,710	6,048,206

The notes form part of these financial statements

# **CYNON VALLEY WASTE DISPOSAL COMPANY LIMITED**

## **TRADING AS AMGEN CYMRU**

**Notes to the financial statements  
for the year ended 31 March 2020**

---

### **I. ACCOUNTING POLICIES**

#### **Company Information**

Cynon Valley Waste Disposal Company Limited is a limited company domiciled and incorporated in England and Wales. The registered office is Bryn Pica, Llwydcoed, Aberdare, Rhondda Cynon Taf, CF44 0BX. The principal activity is the provision of recycling services and waste disposal facilities.

#### **Statement of compliance**

The individual financial statements of Cynon Valley Waste Disposal Company Limited have been prepared in compliance with United Kingdom Accounting Standards, including Financial Reporting Standard 102, "The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland" ("FRS 102") and the Companies Act 2006.

#### **Basis of preparation**

These financial statements are prepared on a going concern basis, under the historical cost convention, as modified by the revaluation of certain financial assets and liabilities measured at fair value through the Income Statement.

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

The directors have considered the future trading position of the company, and based on actual trading results since the year end, are confident that the going concern principle can be applied to the financial statements.

The preparation of financial statements in conformity with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in the process of applying the company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in the critical accounting judgement and estimating uncertainty.

#### **Preparation of consolidated financial statements**

The company's immediate parent holds 100% of the allotted shares in the entity, and notice requesting the preparation of consolidated financial statements has not been served on the entity by its shareholders. The company is included in the consolidated financial statements of 31<sup>st</sup> March 2020 which are publicly available. Therefore the company is exempt by virtue of section 400 of the Companies Act 2006 from the requirement to prepare consolidated financial statements.

These financial statements represent those of the company alone.

#### **Financial reporting standard 102 – reduced disclosure exemptions**

The company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland":

- the requirements of Section 7 Statement of Cash Flows;
- the requirement of Section 3 Financial Statement Presentation paragraph 3.17(d);
- the requirements of Section 11 Financial Instruments paragraphs 11.39 to 11.48A;
- the requirement of Section 33 Related Party Disclosures paragraph 33.7.

#### **Foreign currency**

The company's functional presentational currency is the pound sterling.

**CYNON VALLEY WASTE DISPOSAL COMPANY LIMITED**  
**TRADING AS AMGEN CYMRU**

**Notes to the financial statements - continued**  
**for the year ended 31 March 2020**

---

**I. ACCOUNTING POLICIES - continued**

**Revenue recognition**

Revenue is measured at the fair value of the consideration received or receivable for the invoiced value of services provided in the normal course of business. Revenue includes landfill tax but is shown net of value added tax, rebates and similar allowances. This principle applies to:

- Landfill – when waste crosses the weighbridge and is tipped
- Community Recycling Centre (CRC) management – evenly over the period to which it relates
- Community Recycling Centre (CRC) transport – when the waste is removed from the CRC
- Recycling centre – when waste crosses the weighbridge and is taken to the recycling centre
- Landfill gas – recognised 3 months after landfill gas is generated (due to contract terms)

**Employee benefits**

The company provides a range of benefits to employees, including paid holiday arrangements and defined benefit pension plans.

**(i) Short term benefits**

Short term benefits, including holiday pay and other similar non-monetary benefits, are recognised in the period in which the service is received.

**(ii) Defined benefit pension plans**

The company operates a defined benefit plan for its employees. A defined benefit plan is a pension plan that defines an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation. Obligations are measured at discounted present value whilst plan assets are recorded at fair value. The liability recognised in the balance sheet in respect of defined benefit pension plans is the net of the plan obligations and assets. No allowance is made in the past service liability in respect of either the future expenses of running the scheme or for non-service related death in service benefits which may arise in the future. The operating costs of the plans are charged to operating profit as part of the management charge payable to Rhondda Cynon Taf County Borough Council and the finance costs are recognised as financial income or expense as appropriate. Service costs are spread systematically over the lives of employees and financing costs are recognised in the periods in which they arise. Actuarial gains and losses are recognised immediately directly to equity.

**Exceptional items**

The company classifies certain one-off charges or credits that have a material impact on the company's financial results as 'exceptional items'. These are disclosed separately in the notes to provide further understanding of the financial position and the financial performance of the company.

**Taxation**

The taxation expense for the period comprises current and deferred tax recognised in the reporting period. Tax is recognised in the profit and loss account, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case tax is also recognised in other comprehensive income or directly in equity respectively.

Current or deferred taxation assets and liabilities are not discounted.

**(i) Current Tax**

Current tax is the amount of income tax payable in respect of the taxable profit for the year or prior years, tax is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the period end. Management periodically evaluates positions taken in tax returns with respect of situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.



**CYNON VALLEY WASTE DISPOSAL COMPANY LIMITED**  
**TRADING AS AMGEN CYMRU**

**Notes to the financial statements - continued**  
**for the year ended 31 March 2020**

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**I. ACCOUNTING POLICIES - continued**

**(ii) Deferred Tax**

Deferred tax arises from timing differences that are differences between taxable profits and total comprehensive income as stated in the financial statements. These 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 recognised on all timing differences at the reporting date except for certain exceptions. Unrelieved tax losses and other deferred tax assets are only recognised when it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted by the period end and that are expected to apply to the reversal of the time difference.

**Tangible fixed assets**

Tangible assets are stated at cost less accumulated depreciation and accumulated impairment losses. Cost includes the original purchase price, costs directly attributable to bringing the asset to its working condition for its intended use.

**(i) Depreciation and residual values**

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life:

Freehold Property	- Straight line over 30 years
Leasehold land and buildings	- Over the term of the lease
Site infrastructure	- Straight line over 10 years
Recycling centre	- Straight line over 10 years
Landfill phases	- Airspace used for landfill
Plant and machinery	- Straight line over 5 - 10 years
Fixtures and fittings	- Straight line over 5 years
Computer equipment	- Straight line over 3 years
Motor vehicles	- Straight line over 4 years

Assets held under finance leases are depreciated in the same way as owned assets.

At each balance sheet date, the company reviews the carrying amount of its tangible fixed assets to determine whether there is any indication that any items have suffered an impairment loss. If any such indication exists, the recoverable amount of an 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 the asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

**(ii) Subsequent additions**

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that economic benefits associated will flow. Subsequent additions to the company are depreciated separately over the useful life of the asset in question.

Repairs and maintenance costs are expensed as incurred.

**(iii) Derecognition**

Tangible assets are derecognised on disposal or when no future economic benefits are expected. On disposal, the difference between the net disposal proceeds and the carrying amount is recognised in the Income Statement.

Landfill phases are eliminated from fixed assets during the year in which they are decommissioned.

**Assets under construction**

Assets under construction are carried at cost and are not depreciated until they are brought into use.

**CYNON VALLEY WASTE DISPOSAL COMPANY LIMITED**  
**TRADING AS AMGEN CYMRU**

**Notes to the financial statements - continued**  
**for the year ended 31 March 2020**

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**I. ACCOUNTING POLICIES - continued**

**Investment**

Investment in subsidiaries are accounted for at cost less impairment.

**Leased assets**

At inception, the company assesses agreements that transfer the right to use assets. The assessment considers whether the arrangement is, or contains, a lease based on the substance of the arrangement.

**(i) Finance leased assets**

Leases of assets that transfer substantially all the risks and rewards incidental to ownership are classified as finance leases.

Finance leases are capitalised at commencement of the lease as assets at the fair value of the leased asset or, if lower, the present value of the minimum lease payments calculated using the interest rate implicit in the lease. Where the implicit rate cannot be determined, the company's incremental borrowing rate is used. Incremental direct costs incurred in negotiating and arranging the lease, are included in the cost of the asset.

Assets are depreciated over the shorter of the lease term and the estimated useful life of the asset. Assets are assessed for impairment at each reporting date.

The capital element of the lease obligation is recorded as a liability on inception of the arrangement. Lease payments are apportioned between capital repayment and finance charge, using the effective interest rate method, to produce a constant rate of charge on the balance of the capital repayments outstanding.

**(ii) Operating leased assets**

Leases that do not transfer all the risks and rewards of ownership are classified as operating leases. Payments under operating leases are charged to the Income Statement on a straight-line basis over the period of the lease.

**(iii) Lease incentives**

Incentives received to enter into a finance lease reduce the fair value of the asset and are included in the calculation of the present value of minimum lease payments.

Incentives received to enter into an operating lease are credited to the Income Statement, to reduce the lease expenses, on a straight-line basis over the period of the lease.

The company has taken advantage of the exemption in respect of lease incentives on leases in existence as at the date of transition to FRS 102 (1 April 2014) and continues to credit such lease incentives to the profit and loss account over the period of the lease.

**Impairment of non-financial assets**

At each balance sheet date non-financial assets not carried at fair value are assessed to determine whether there is an indication that the asset (or the asset's cash generating unit) may be impaired. If there is such an indication, the recoverable amount of the asset's (or the asset's cash generating unit) is compared to the carrying amount (or the asset's cash generating unit).

The recoverable amount for the asset (or the asset's cash generating unit) is the higher of the fair value of the future cash flows before interest and tax obtainable as a result of the asset's (or the asset's cash generating unit) continued use. These cash flows are discounted using a pre-tax discount rate that represents the current market risk-free rate and the risks inherent in the asset.

If the recoverable amount of the asset (or the asset's cash generating unit) is estimated to be lower than the carrying amount, the carrying amount is reduced to its recoverable amount.

**CYNON VALLEY WASTE DISPOSAL COMPANY LIMITED**  
**TRADING AS AMGEN CYMRU**

**Notes to the financial statements - continued**  
**for the year ended 31 March 2020**

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**I. ACCOUNTING POLICIES - continued**

If an impairment loss is subsequently reversed, the carrying amount of the asset (or the asset's cash generating unit) is increased to the revised estimate of its recoverable amount, but only to the extent that the revised carrying amount that would have been determined (net of depreciation or amortisation) had no impairment loss been recognised in prior periods. A reversal of an unimpaired loss is recognised in the Income Statement.

**Cash and cash equivalents**

Cash and cash equivalents include cash in hand, deposits held at call with banks, and overdrafts. Bank overdrafts, when applicable, are shown within borrowings in current liabilities.

**Provisions and contingencies**

**(i) Provisions**

Provisions are recognised when the company has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount of the obligation can be estimated reliably.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect of any one item included in the same class of obligations may be small.

Provisions are not made for future operating losses.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to the passing of time is recognised as a finance cost.

**(ii) Contingencies**

Contingent liabilities are not recognised. Contingent liabilities arise as a result of past events when (i) it is not probable that there will be an outflow of resources or that the amounts cannot be reliably measured at the report date or (ii) when the existence will be confirmed by the occurrence or non-occurrence of uncertain future events not wholly within the company's control. Contingent liabilities are disclosed in the financial statements unless the probability of an outflow of resource is remote.

Contingent assets are not recognised. Contingent assets are disclosed in the financial statements when an inflow of future economic benefits is probable.

**Financial instruments**

The company has chosen to adopt the Sections 11 and 12 of FRS 102 in respect of financial instruments.

**(i) Financial Assets**

Basic financial assets, including trade and other receivables, cash and bank balances are initially recognised at transaction price, 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.

Such assets are subsequently carried at amortised cost using the effective interest method.

At the end of each reporting period financial assets measured at amortised cost are assessed for objective evidence of impairment. If an asset is impaired the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in the Income Statement.

Other financial assets 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 the Income Statement.

**CYNON VALLEY WASTE DISPOSAL COMPANY LIMITED**  
**TRADING AS AMGEN CYMRU**

**Notes to the financial statements - continued**  
**for the year ended 31 March 2020**

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**I. ACCOUNTING POLICIES - continued**

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

Financial assets are derecognised when (a) the contractual rights to the cash flows from the asset expire or are settled, or (b) substantially all the risks and rewards of the ownership of the asset are transferred to another party or (c) control of the asset has been transferred to another party who has the practical ability to unilaterally sell the asset to an unrelated third party without imposing additional restrictions.

**(ii) Financial Liabilities**

Basic financial liabilities, including trade and other payables, bank loans, and loans from fellow group companies 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 receipts discounted at a market rate of interest.

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

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts 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 payables are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest rate method.

Financial liabilities are derecognised when the liability is extinguished. This is when the contractual obligation is discharged, cancelled or expires.

The company does not hold any non basic financial instruments.

**(iii) Offsetting**

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

**Share capital**

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new ordinary shares or options are shown in equity as a deduction, net of tax, from the proceeds.

**Dividends to equity shareholders**

Dividends and other distributions to the company's shareholder are recognised as a liability in the financial statements in the period in which the dividends and other distributions are approved by the company's shareholders. These amounts are recognised in the statements of changes in equity.

**Critical accounting judgements and estimation uncertainty**

Estimates and judgements are continually evaluated and are based on historical experiences and other factors including expectations of future events that are believed to be reasonable under the circumstances.

In the application of the Company's accounting policies, management is required to make judgements, estimates and assumptions about carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and underlying 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 if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

**CYNON VALLEY WASTE DISPOSAL COMPANY LIMITED**  
**TRADING AS AMGEN CYMRU**

**Notes to the financial statements - continued**  
**for the year ended 31 March 2020**

**1. ACCOUNTING POLICIES – continued**

They key sources of estimation uncertainty that have significant affect on the amounts recognised in the financial statements are described below:

**(i) 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 9 for the carrying amount of the property, plant and equipment, and above for the useful economic lives for each class of assets.

**(ii) Impairment of debtors**

The company makes an estimate of the recoverable value of trade and other debtors. When assessing the 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 12 for the net carrying amount of the debtors and associated impairment provision.

**(iii) Value of aftercare provision**

The company makes an estimate of future costs associated with the closure of the landfill site and the aftercare costs in relation to monitoring the closed site, gas management, maintenance and security costs of the closed site and leachate disposal costs post closure in order to arrive at a valuation for the aftercare provision. See note 19 for the net carrying amount of the aftercare provision.

**2. TURNOVER**

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

**Turnover analysed by class of business**

	2020 £	2019 £
Landfill	2,591,538	3,761,668
Community Recycling Centre Management	1,109,621	1,134,768
Community Recycling Centre Transport	2,703,010	2,765,934
Landfill Gas	332,091	336,410
Recycling Centre	2,956,545	4,137,697
Other Income	652,477	697,190
	<u>10,345,282</u>	<u>12,833,667</u>

**Other significant revenue**

	2020 £	2019 £
Interest Income	<u>19,280</u>	<u>16,956</u>

All turnover is generated from operations within the United Kingdom.

**CYNON VALLEY WASTE DISPOSAL COMPANY LIMITED**  
**TRADING AS AMGEN CYMRU**

**Notes to the financial statements - continued**  
**for the year ended 31 March 2020**

**3. OPERATING LOSS**

The operating loss is stated after charging:

	2020 £	2019 £
Depreciation of tangible fixed assets – owned assets	321,240	476,627
Depreciation of tangible fixed assets – leased assets	432,577	169,632
Loss/(profit) on disposal	40,896	(1,633)
Auditors remuneration	12,687	11,867
Hire of plant and machinery	<u>255,330</u>	<u>273,753</u>
	<u><b>1,062,730</b></u>	<u><b>930,246</b></u>

**4. STAFF COSTS**

	2020 £	2019 £
Wages and salaries	1,367,214	1,304,724
National Insurance	126,613	117,617
Other pension costs (note 15)	<u>192,625</u>	<u>184,214</u>
	<u><b>1,686,452</b></u>	<u><b>1,606,555</b></u>

The average monthly number of employees during the period was as follows:

	2020	2019
Management & Administration	9	9
Landfill Operations	11	11
Recycling Operations	25	25
Transport Operations	<u>8</u>	<u>8</u>
	<u><b>53</b></u>	<u><b>53</b></u>

The average number of persons employed by the company (including directors) during the year was 53 (2019: - 53).

The remuneration paid or payable to key directors for qualifying services is £29,253 (2019: £28,004). The pension contributions of the directors are met by the parent undertaking, Rhondda Cynon Taf County Borough Council. A percentage of each director's remuneration package is recharged to the company by the parent based on the percentage of time spent on Cynon Valley Waste Disposal Company Limited duties.

**CYNON VALLEY WASTE DISPOSAL COMPANY LIMITED**  
**TRADING AS AMGEN CYMRU**

Notes to the financial statements - continued  
for the year ended 31 March 2020

**5. AUDITORS' REMUNERATION**

The remuneration of the auditor is further analysed as follows:

	2020	2019
	£	£
Audit of the financial statements	10,300	10,000
Taxation compliance services	1,159	1,185
Other non-audit services	<u>1,228</u>	<u>682</u>
	<u>12,687</u>	<u>11,867</u>

**6. INTEREST RECEIVABLE AND SIMILAR INCOME**

	2020	2019
	£	£
<b>Interest Income</b>		
Other interest income	<u>19,280</u>	<u>16,956</u>

**7. INTEREST PAYABLE AND SIMILAR CHARGES**

	2020	2019
	£	£
<b>Interest on financial liabilities measured at amortised cost</b>		
Interest on finance leases	20,725	29,100
Interest on long term loan	54,877	-
Other interest payable	<u>7,295</u>	<u>-</u>
	<u>82,897</u>	<u>29,100</u>

**CYNON VALLEY WASTE DISPOSAL COMPANY LIMITED**  
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Notes to the financial statements - continued  
for the year ended 31 March 2020

**8. TAXATION**

**Analysis of the tax charge**

(a) The tax charge on the loss on ordinary activities for the year was as follows:

	2020	2019
	£	£
<b>Current tax:</b>		
UK corporation tax charge for current year	-	42,011
Adjustment to tax in respect of previous periods	(42,011)	-
<b>Deferred taxation</b>		
Charge for the year (note 19)	122	22,906
<b>Tax on loss on ordinary activities</b>	<b>(41,889)</b>	<b>64,917</b>

(b) Reconciliation of total tax charge included in income statement

The tax assessed for the period is higher than the standard rate of corporation tax in the UK. The difference is explained below:

	2020	2019
	£	£
Loss on ordinary activities before tax	<u>(540,452)</u>	<u>(86,625)</u>
Loss on ordinary activities multiplied by the standard rate of corporation tax in the UK of 19% (2019 – 19%)	(102,686)	(16,459)
Effects of:		
Impact of rate changes	5,386	(2,695)
Expenses not deductible for tax purposes	55,289	61,165
Deferred taxation	122	22,906
<b>Total tax charge</b>	<b>(41,889)</b>	<b>64,917</b>



**CYNON VALLEY WASTE DISPOSAL COMPANY LIMITED**  
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Notes to the financial statements - continued  
for the year ended 31 March 2020

**9. TANGIBLE FIXED ASSETS**

	Land & Buildings £	Plant & Machinery £	Fixtures & Fittings £	Landfill Phases £	Total £
<b>COST</b>					
At 1 April 2019	3,142,720	4,953,998	193,440	1,083,046	9,373,204
Additions	-	10,567,692	-	-	10,567,692
Reclassifications	-	86,253	-	-	86,253
Disposals	-	(1,550,842)	-	(1,083,046)	(2,633,888)
<b>At 31 March 2020</b>	<b>3,142,720</b>	<b>14,057,101</b>	<b>193,440</b>	<b>-</b>	<b>17,393,261</b>
<b>DEPRECIATION</b>					
At 1 April 2019	1,018,901	4,170,036	184,745	1,083,046	6,456,728
Charge for year	203,780	546,875	3,162	-	753,817
Disposals	-	(1,509,945)	-	(1,083,046)	(2,592,991)
<b>At 31 March 2020</b>	<b>1,222,681</b>	<b>3,206,966</b>	<b>187,907</b>	<b>-</b>	<b>4,617,554</b>
<b>NET BOOK VALUE</b>					
<b>At 31 March 2020</b>	<b>1,920,039</b>	<b>10,850,135</b>	<b>5,533</b>	<b>-</b>	<b>12,775,707</b>
At 31 March 2019	2,123,819	783,962	8,695	-	2,916,476

Included within Land and Buildings is:

	Freehold Land £	Short Leasehold Land £
<b>COST</b>		
<b>At 1 April 2019 and 31 March 2020</b>	<b>589,400</b>	<b>948,614</b>
<b>DEPRECIATION</b>		
At 1 April 2019	-	249,635
Charge for year	-	49,927
<b>At 31 March 2020</b>	<b>-</b>	<b>299,562</b>
<b>NET BOOK VALUE</b>		
<b>At 31 March 2020</b>	<b>589,400</b>	<b>649,052</b>
At 31 March 2019	589,400	698,979

**CYNON VALLEY WASTE DISPOSAL COMPANY LIMITED**  
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**Notes to the financial statements - continued**  
**for the year ended 31 March 2020**

**9. TANGIBLE FIXED ASSETS - continued**

The net book value of assets held under finance leases or hire purchase contracts, included above, are as follows:

	<b>Year ended:</b> <b>31/3/20</b> <b>£</b>	<b>Year ended:</b> <b>31/3/19</b> <b>£</b>
Plant & Machinery	<b><u>146,549</u></b>	<b><u>266,255</u></b>

Depreciation has been charged during the year amounting to £119,705 (2019: £119,705) on assets acquired on hire purchase.

The valuation applied to the land and building asset category only and was carried out by Mr. Christopher Lockwood BSc. MRICS MIQ and Paul Marsh BSc. MRICS of GVA Grimley Ltd. The total revalued amount for the category is £3,142,720.

**10. ASSETS UNDER CONSTRUCTION**

	<b>Landfill Phase 5 £</b>	<b>CRC Compactors £</b>	<b>Water Tank £</b>	<b>Other Assets £</b>	<b>Totals £</b>
<b>COST</b>					
At 1 April 2019	408,427	45,413	18,645	-	472,485
Additions	213,647	40,840	-	61,451	315,938
Reclassifications	-	<u>(86,253)</u>	-	-	<u>(86,253)</u>
<b>At 31 March 2020</b>	<b><u>622,074</u></b>	<b><u>-</u></b>	<b><u>18,645</u></b>	<b><u>61,451</u></b>	<b><u>702,170</u></b>

**11. FIXED ASSET INVESTMENTS**

	<b>Investment in Subsidiary Company £</b>
<b>Cost or valuation</b>	
At 1 April 2019	<b><u>100</u></b>
<b>At 31 March 2020</b>	<b><u>100</u></b>
At 31 March 2019	<b><u>100</u></b>

**Subsidiary undertakings**

The following were subsidiary undertakings of the Company:

**Amgen Rhondda Limited**

Stewardship services of closed landfill site

	<b>%</b>
Class of shares:	holding
Ordinary Shares	100.00

**CYNON VALLEY WASTE DISPOSAL COMPANY LIMITED**  
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**Notes to the financial statements - continued**  
**for the year ended 31 March 2020**

**11. FIXED ASSET INVESTMENTS - continued**

	2020	2019
	£	£
Aggregate capital and reserves	211,265	207,238
Profit for the year	<u>4,027</u>	<u>24,332</u>

During the year ended 31 March 2020, Amgen Rhondda Limited continued to carry out comprehensive stewardship services of the site at Nant-y-Gwyddon in accordance with its waste management licence.

**12. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	2020	2019
	£	£
Trade debtors	775,030	509,073
Amounts owed by group undertakings	1,714,315	790,960
Deferred tax (note 19)	134,788	76,450
Prepayments and accrued income	<u>205,064</u>	<u>123,247</u>
	<u>2,829,197</u>	<u>1,499,730</u>

Trade debtors are stated after provisions for impairment of £Nil (2019: £Nil).

Amounts owed by group undertakings are wholly invoices for services rendered by the company which are repayable in line with the company's credit terms.

**13. CASH AT BANK AND IN HAND**

	2020	2019
	£	£
Current account and short term deposit account	4,048,062	4,651,675
Cash in hand	<u>153</u>	<u>159</u>
	<u>4,048,215</u>	<u>4,651,834</u>

The current account and short term deposit account are to be used for meeting the company's trading liabilities and to finance investment in site developments and improvements at Bryn Pica in accordance with the conditions of the Pollution Prevention and Control permit. The short term deposit account is administered by the parent company's treasury management section in line with their treasury management policy.

**CYNON VALLEY WASTE DISPOSAL COMPANY LIMITED**  
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Notes to the financial statements - continued  
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**14. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	2020 £	2019 £
Trade creditors	989,159	659,776
Amounts due to parent undertaking	1,685,286	617,462
Taxation and social security	992,083	851,429
Other creditors	60,000	60,000
Accruals and deferred income	327,053	110,001
	<b><u>4,053,581</u></b>	<b><u>2,298,668</u></b>

Amounts due to group undertakings are wholly invoices for goods and services rendered by group companies which the company has to repay in line with their credit terms.

**15. LEASING AGREEMENTS**

Minimum lease payments fall due as follows:

	2020 £	2019 £
<u>Net obligations repayable:</u>		
Within one year	136,495	127,530
Between one and five years	31,081	167,576
	<b><u>167,576</u></b>	<b><u>295,106</u></b>

**16. SECURED DEBTS**

The following secured debts are included within creditors:

	2020 £	2019 £
Hire purchase contracts and finance leases	167,576	295,106
	<b><u>167,576</u></b>	<b><u>295,106</u></b>

Obligation under finance lease and hire purchase contracts are secured on the asset to which they relate.

**CYNON VALLEY WASTE DISPOSAL COMPANY LIMITED**  
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**Notes to the financial statements - continued**  
**for the year ended 31 March 2020**

**17. CREDITORS FALLING DUE AFTER ONE YEAR**

	2020 £	2019 £
Amounts due to parent undertaking	7,702,299	-
Finance lease obligations	<u>31,081</u>	<u>167,576</u>
	<u>7,733,380</u>	<u>167,576</u>

Amounts due to parent undertaking, due after more than one year, represent funding advanced to the company by Rhondda Cynon Taf County Borough Council to facilitate the acquisition of tangible fixed assets. The funding has been advanced on an unsecured basis and is repayable over a period of 10 years. The funding attracts annual interest at a rate of between 0% and 5% per annum.

**18. EMPLOYEE BENEFIT OBLIGATIONS**

The company contributes into the Rhondda Cynon Taf County Borough Council Pension Fund which is part of the Local Government Pension Scheme ("LGPS"). The LGPS is a funded defined benefit career average scheme for service accrued post 2014, having previously been based on final salary. The change was part of the Government's attempts to assure the long term affordability of the scheme.

The level of contributions by the company is determined by a qualified actuary (AON Hewitt) on the basis of triennial valuations (in compliance with the Local Government Pension Scheme (Administration) Regulations 2008). The most recent valuation was as at 31 March, 2019. Liabilities have been estimated by the independent qualified actuary on an actuarial basis using the projected unit credit method.

The employer's regular contributions to the fund for the annual accounting period to 31 March, 2020 are estimated to be £192,625 (2019: £184,223). Additional contributions may also become due in respect of any employer discretions to enhance members' benefits in the Fund over the next accounting period.

The Board of Directors continue to monitor the risks associated with the pension scheme.

The amounts recognised in the statement of financial position are as follows:-

	<b>Defined benefit pension plans</b>	
	2020 £	2019 £
Present value of funded obligations	(5,062,000)	(4,378,000)
Fair value of plan assets	<u>3,823,000</u>	<u>3,659,000</u>
	(1,239,000)	(719,000)
Present value of unfunded obligations	<u>-</u>	<u>-</u>
Deficit	(1,239,000)	(719,000)
Net liability	<u>(1,239,000)</u>	<u>(719,000)</u>

**CYNON VALLEY WASTE DISPOSAL COMPANY LIMITED**  
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**Notes to the financial statements - continued**  
**for the year ended 31 March 2020**

**18. EMPLOYEE BENEFIT OBLIGATIONS - continued**

The amount recognised in surplus or deficit is as follows:

	<b>Defined benefit pension plans</b>	
	<b>2020</b>	<b>2019</b>
	<b>£</b>	<b>£</b>
Current service cost	450,000	385,000
Past service cost	15,000	
Net interest from net defined benefit asset/liability	16,000	17,000
	<u>481,000</u>	<u>402,000</u>

Actual return on plan assets	<u>-</u>	<u>-</u>
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Changes in the present value of the defined benefit obligation are as follows:

	<b>Defined benefit pension plans</b>	
	<b>2020</b>	<b>2019</b>
	<b>£</b>	<b>£</b>
Opening defined benefit obligation	4,378,000	3,861,000
Current service cost	450,000	385,000
Contributions by scheme participants	81,000	77,000
Interest cost	110,000	101,000
Benefits paid	(59,000)	(72,000)
Remeasurements:		
Actuarial losses – on liabilities	87,000	26,000
Past Service cost	15,000	-
	<u>5,062,000</u>	<u>4,378,000</u>

Changes in the fair value of scheme assets are as follows:

	<b>Defined benefit pension plans</b>	
	<b>2020</b>	<b>2019</b>
	<b>£</b>	<b>£</b>
Opening fair value of scheme assets	3,659,000	3,149,000
Contributions by employer	193,000	184,000
Contributions by scheme participants	81,000	77,000
Interest income	94,000	84,000
Remeasurement (loss)/gain on assets	(145,000)	237,000
Benefits paid	(59,000)	(72,000)
	<u>3,823,000</u>	<u>3,659,000</u>

**CYNON VALLEY WASTE DISPOSAL COMPANY LIMITED**  
**TRADING AS AMGEN CYMRU**

Notes to the financial statements - continued  
for the year ended 31 March 2020

**18. EMPLOYEE BENEFIT OBLIGATIONS - continued**

The amounts recognised in other comprehensive income are as follows:

	<b>Defined benefit pension plans</b>	
	<b>2020</b>	<b>2019</b>
	<b>£</b>	<b>£</b>
Actuarial gains on liabilities	<b>(87,000)</b>	(26,000)
Remeasurement (losses)/gains on asset	<b>(145,000)</b>	<u>237,000</u>
	<b><u>(232,000)</u></b>	<u>211,000</u>

The major categories of scheme assets as a percentage of total scheme assets are as follows:

	<b>Defined benefit pension plans</b>	
	<b>2020</b>	<b>2019</b>
Equities	<b>63.7%</b>	64.5%
Government bonds	<b>13.8%</b>	13.5%
Corporate bonds	<b>13%</b>	11.6%
Property	<b>8.6%</b>	6.9%
Cash/other	<b>0.9%</b>	<u>3.5%</u>
	<b><u>100.00%</u></b>	<u>100.00%</u>

**19. PROVISION FOR LIABILITIES**

	<b>Deferred tax</b>	<b>Aftercare capping provision</b>	<b>Total</b>
	<b>£</b>	<b>£</b>	<b>£</b>
At 1 April 2018	(135,226)	1,197,766	1,062,540
Charged to the profit and loss account	22,906	141,810	164,716
Charged to retained earnings	35,870	-	35,870
Utilised during the year	-	(3,050)	(3,050)
At 1 April 2019	<u>(76,450)</u>	<u>1,336,526</u>	<u>1,260,076</u>
Charged to the profit and loss account	122	4,696	4,818
Credited to retained earnings	(58,460)	-	(58,460)
At 31 March 2020	<b><u>(134,788)</u></b>	<b><u>1,341,222</u></b>	<b><u>1,206,434</u></b>

**CYNON VALLEY WASTE DISPOSAL COMPANY LIMITED**  
**TRADING AS AMGEN CYMRU**

**Notes to the financial statements - continued**  
**for the year ended 31 March 2020**

**19. PROVISION FOR LIABILITIES - continued**

<u>Included within:</u>	<b>2020</b>	<b>2019</b>
	£	£
Other debtors (deferred taxation)	(134,788)	(76,450)
Creditors due less than one year	60,000	60,000
Provisions for liabilities	<u>1,281,222</u>	<u>1,276,526</u>
	<u>1,206,434</u>	<u>1,260,076</u>

Deferred tax comprises the following:

	<b>2020</b>	<b>2019</b>
	£	£
Accelerated capital allowances	409,928	68,554
Pension scheme liability	(235,410)	(122,230)
Short-term timing differences	(25,453)	(22,774)
Losses	<u>(283,853)</u>	<u>(145,004)</u>
	<u>(134,788)</u>	<u>(76,450)</u>

**Aftercare costs**

The company is required by the shareholders agreement to provide for future aftercare costs such as landfill capping and restoration.

The aftercare provision is impacted by tonnage tipped and management are continuously reviewing the scenarios associated with a changing business landscape with consideration to actual capping and restoration costs, future anticipated landfill phases and current assessments of tonnage and cost per tonne.

The provision for aftercare costs is stated after discounting has been applied in line with the requirements of FRS 102. The gross value of the provision for after care costs (pre-discounting) is £4,168,716.

**20. CALLED UP SHARE CAPITAL**

Allotted, issued and fully paid:

Number	Class	Nominal Value	<b>2020</b>	<b>2019</b>
			£	£
2,806,000	Ordinary	£1	<u>2,806,000</u>	<u>2,806,000</u>

There is a single class of ordinary shares. There are no restrictions on the distribution of dividends and the repayment of capital.



**CYNON VALLEY WASTE DISPOSAL COMPANY LIMITED**  
**TRADING AS AMGEN CYMRU**

**Notes to the financial statements - continued**  
**for the year ended 31 March 2020**

**21. RESERVES**

	<b>Retained earnings</b>	<b>Revaluation reserve</b>	<b>Capital contribution reserve</b>	<b>Total</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
At 1 April 2019	1,420,253	929,052	-	2,349,305
Transfers	117,611	(117,611)	-	-
Parental loan funding	-	-	1,565,005	1,565,005
Transfers	7,295	-	(7,295)	-
Deferred tax adjustments	58,460	-	-	58,460
Actuarial losses on liabilities	(87,000)	-	-	(87,000)
Re-measurement losses on asset	(145,001)	-	-	(145,001)
Loss for the financial year	(498,563)	-	-	(498,563)
At 31 March 2020	<b>873,055</b>	<b>811,411</b>	<b>1,557,710</b>	<b>3,242,206</b>

The capital contribution reserve arose in the year as a consequence of funding advanced by Rhondda Cynon Taf County Borough Council to acquire fixed assets. The capital contribution reserve will reverse over a period of 10 years in line with the repayment of loan funding.

**22. CONTROLLING PARTIES**

The company's ultimate parent undertaking and controlling party is Rhondda Cynon Taf County Borough Council, which is the parent undertaking of the smallest and largest group to consolidate these financial statements.

Copies of Rhondda Cynon Taf County Borough Council's consolidated financial statements can be obtained from their website ([www.rctcbc.gov.uk](http://www.rctcbc.gov.uk)) or upon request by writing to Final Accounts Team, Oldway House, Porth, Rhondda, CF39 9ST.

**23. RELATED PARTY DISCLOSURES**

The company has taken advantage of the exemption permitted by section 33 of FRS 102 'Related Party Disclosures' and does not disclose transactions with other wholly owned entities within the group that are eliminated on consolidation. Nigel Wheeler and David Paul Griffiths are employed by the company's parent undertaking, Rhondda Cynon Taf County Borough Council. The company is charged for their roles as Company Directors as part of a management recharge.

**24. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS**

	<b>2020</b>	<b>2019</b>
	<b>£</b>	<b>£</b>
Loss for the financial period	(498,563)	(151,542)
Current year deferred tax adjustment	58,460	(35,870)
Actuarial losses on pension scheme liabilities	(87,000)	(26,000)
Capital contribution	1,565,005	-
Remeasurement (losses)/gains on pension scheme asset	(145,001)	237,000
<b>Net increase in shareholders' funds</b>	<b>892,901</b>	<b>23,588</b>
Opening shareholders' funds	<u>5,155,305</u>	<u>5,131,717</u>
<b>Closing shareholders' funds</b>	<u><b>6,048,206</b></u>	<u><b>5,155,305</b></u>