

Strategic Report,
Report of the Directors and
Financial Statements
for the Year Ended 31 December 2020
for
PREMIER WASTE (UK) PLC

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for the year ended 31 December 2020

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PREMIER WASTE (UK) PLC

Company Information
for the year ended 31 December 2020

Directors:	D Courtney P Courtney
Secretary:	D Courtney
Registered office:	5-6 Greenfield Crescent Edgbaston Birmingham West Midlands B15 3BE
Business address:	209-211 Walsall Road Perry Barr Birmingham B42 1BS
Registered number:	03565632 (England and Wales)
Auditors:	Haines Watts Birmingham LLP 5-6 Greenfield Crescent Edgbaston Birmingham B15 3BE
Bankers:	Lloyds Bank Plc P O Box 46 The Bridge Walsall West Midlands WS1 1LU

Strategic Report
for the year ended 31 December 2020

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

Review of business

We aim to present a balanced and comprehensive review of the development and performance of our business during the period and its position at the period end. Our review is consistent with the size and non-complex nature of our business and is written in the context of the risks and uncertainties we face.

There has been no change in the principal activities of the company during the period.

We consider that our key performance indicators are those that communicate the financial performance and strength of the company as a whole, these being turnover, gross margin and return on capital employed.

Turnover has increased by 11.27% compared to the previous period. Gross margin has increased to 40.09% (2019 37.77%).

Overall there has been an operating profit of £660,130 (2019 £102,414) and a profit before tax of £632,453 (2019 £74,493). After taxation, £679,387 has been added to reserves.

Return on capital employed has reduced to 21.01% (2019 3.98%). Return on capital employed is calculated as profit before exceptional items, interest and tax divided by capital employed, which constitutes total assets less current liabilities.

Principal risks and uncertainties

As for many businesses of our size, the business environment in which we operate continues to be challenging. The market is highly competitive and margins continue to be under pressure. We are of course subject to world economic patterns and the level of activity within our economy.

With these risks and uncertainties in mind, we are aware that any plans for the future development of the business may be subject to unforeseen future events outside our control.

Section 172(1) statement

Stakeholder Engagement

As the Board of Premier Waste (UK) Plc we have a legal responsibility under section 172 of the Companies Act 2006 to act in the way we consider, in good faith, would be most likely to promote the company's success for the benefit of its members as a whole, and to have regard to the long term effect of our decisions on the company and its stakeholders. This statement summarises the ways in which we as a Board address this responsibility.

Promoting the company's success for its members

Premier Waste (UK) Plc has provided its employees, past and present, with opportunities for employment, training, career development and financial reward.

In an increasingly competitive environment with competitors accepting low margins, the company has focused on maintaining its image as a trusted supplier offering high quality services whilst delivering pleasing financial returns. In order to continue to deliver satisfactory returns we recognise the need to protect and grow our markets, form strategic partnerships with other companies operating in our market sector whilst optimizing investments in the business.

Our key stakeholders, and the ways in which we engage with them, include:

Our shareholders:

We recognise that the shareholders place their trust and confidence in us to manage the affairs of the company with the best interests of all stakeholders at heart whilst also striving to achieve consistently high returns on their investment in the business. We are fortunate that the shareholders take an active interest in promoting the long term success of the business.

Strategic Report
for the year ended 31 December 2020

Section 172(1) statement - continued

Our employees:

We recognise the valuable contribution that our employees make to the success of our business. All employees undergo appropriate training to ensure that we maintain the highest standard of operations and safety. Advancement of employees is encouraged and supported by the company through provision of appropriate training courses. Communications on all matters of relevance or significance are communicated through a site wide network of notice boards. Employees are encouraged to approach senior management at any time if they have issues to discuss.

Our customers and suppliers:

The success of our business is based on forging close relationships with our customers and suppliers, understanding their needs and promoting a spirit of cooperation with both ends of the value chain. We meet regularly with key suppliers to discuss the outlook for the industry and our business needs. Our customers appreciate the high quality service we aim to provide.

Our community:

As a local business in Birmingham we recognise the need to engage with our local community.

Our planet:

We recognise that compliance with environmental legislation and good practice is essential in order to contribute to the wellbeing of our planet and to continue operating.

Health & Safety/Environmental:

The Company takes its responsibilities with regard to health and safety and environmental matters seriously. Appropriate policies and procedures are in place and management systems are well documented and controlled by both the company. Staff training needs are identified and implemented in order that the Company continues to meet its legal obligations. There have been no reportable incidents of a health and safety or environmental nature in the period. The Company has implemented policies and procedures, in line with Government and HSE guidelines to ensure the wellbeing of its workforce during the COVID-19 crisis.

Engagement with employees

The company has fewer than 250 employees and so applies the exemption from the requirement to make disclosures regarding employee engagement policies.

Development and performance

We consider that the financial position of the company at the period end is satisfactory, with adequate cash resources.

Going concern

The initial impact of COVID-19 resulted in decreased sales and activity, however we have considered potential scenarios of the COVID-19 impact based on current trends and are confident that we can manage through relevant future disruption. At the time of approving the financial statements, we have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus, we continue to adopt the going concern basis of accounting in preparing the financial statements.

On behalf of the board:

D Courtney - Director

30 June 2021

Report of the Directors
for the year ended 31 December 2020

The directors present their report with the financial statements of the company for the year ended 31 December 2020.

Principal activity

The principal activity of the company continues to be that of waste disposal.

Directors

The directors shown below have held office during the whole of the period from 1 January 2020 to the date of this report.

D Courtney

P Courtney

Financial instruments

Credit risk

All customers who wish to trade on credit terms are subject to credit verification procedures. Trade debtors are monitored on an ongoing basis and provision is made for doubtful debts where necessary.

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). 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

In accordance with the company's articles, a resolution proposing that Haines Watts Birmingham LLP be reappointed as auditor of the company will be put at a General Meeting.

This report has been prepared in accordance with the provisions of Part 15 of the Companies Act 2006 relating to small companies.

On behalf of the board:

D Courtney - Director

30 June 2021

Report of the Independent Auditors to the Members of
Premier Waste (UK) Plc

Opinion

We have audited the financial statements of Premier Waste (UK) Plc (the 'company') for the year ended 31 December 2020 which comprise the Statement of Comprehensive Income, Balance Sheet, Statement of Changes in Equity, Cash Flow Statement and Notes to the Cash Flow Statement, 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 December 2020 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the 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.

However, not all future events or conditions can be predicted. The COVID-19 viral pandemic is one of the most significant economic events for the UK with unprecedented levels of uncertainty of outcomes. It is therefore difficult to evaluate all of the potential implications on the company's trade, customers, suppliers and wider economy. The Directors' view on the impact of COVID-19 is disclosed in the accounting policies note.

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.

Report of the Independent Auditors to the Members of
Premier Waste (UK) Plc

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; or
- the directors were not entitled to take advantage of the small companies' exemption from the requirement to prepare a Strategic Report or in preparing the Report of the Directors.

Responsibilities of directors

As explained more fully in the Statement of Directors' Responsibilities set out on page four, 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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

We obtained an understanding of the legal and regulatory framework applicable to both the company itself and the industry in which it operates. We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our sector experience and through discussion with the directors and other management. The most significant were identified as the Companies Act 2006, UK GAAP (FRS102), Environmental Protection Act 1990 and relevant tax legislation.

We considered the extent of compliance with those laws and regulations as part of our procedures on the related financial statements. Our audit procedures included:

- making enquires of directors and management as to where they consider there to be a susceptibility to fraud and whether they have any knowledge or suspicion of fraud;
- obtaining licences from the Environmental Agency to ensure compliance with regulations
- obtaining an understanding of the internal controls established to mitigate risks related to fraud or non-compliance with laws and regulations;
- assessing the design effectiveness of the controls in place to prevent and detect fraud;
- assessing the risk of management override including identifying and testing journal entries;
- challenging the assumptions and judgements made by management in its significant accounting estimates.

Whilst our audit did not identify any key audit matters relating to the detection of irregularities including fraud, and despite the audit being planned and conducted in accordance with ISAs (UK), there remains an unavoidable risk that material misstatements in the financial statements may not be detected owing to inherent limitations of the audit, and that by their very nature, any such instances of fraud or irregularity would likely involve collusion, forgery, intentional misrepresentations, or the override of internal controls.

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.

Report of the Independent Auditors to the Members of
Premier Waste (UK) Plc

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.

Andrew Hughes ACA (Senior Statutory Auditor)
for and on behalf of Haines Watts Birmingham LLP
5-6 Greenfield Crescent
Edgbaston
Birmingham
B15 3BE

30 June 2021

**Statement of Comprehensive Income
for the year ended 31 December 2020**

	Notes	2020 £	2019 £
Turnover	3	9,845,211	8,848,179
Cost of sales		<u>(5,898,122)</u>	<u>(5,505,948)</u>
Gross profit		3,947,089	3,342,231
Administrative expenses		<u>(3,420,878)</u>	<u>(3,258,971)</u>
		526,211	83,260
Other operating income	4	<u>133,919</u>	<u>19,154</u>
Operating profit	6	660,130	102,414
Interest payable and similar expenses	7	<u>(27,677)</u>	<u>(27,921)</u>
Profit before taxation		632,453	74,493
Tax on profit	8	<u>46,934</u>	<u>(5,269)</u>
Profit for the financial year		679,387	69,224
Other comprehensive income		<u>-</u>	<u>-</u>
Total comprehensive income for the year		<u>679,387</u>	<u>69,224</u>

The notes form part of these financial statements

Balance Sheet
31 December 2020

	Notes	£	2020 £	£	2019 £
Fixed assets					
Tangible assets	9		1,695,350		1,900,794
Current assets					
Debtors	10	1,864,404		2,468,302	
Cash at bank and in hand		3,224,044		2,129,806	
		5,088,448		4,598,108	
Creditors					
Amounts falling due within one year	11	3,641,914		3,922,490	
Net current assets			1,446,534		675,618
Total assets less current liabilities			3,141,884		2,576,412
Creditors					
Amounts falling due after more than one year	12		(458,353)		(657,433)
Provisions for liabilities	16		(224,031)		(138,866)
Net assets			2,459,500		1,780,113
Capital and reserves					
Called up share capital	17		50,000		50,000
Retained earnings	18		2,409,500		1,730,113
Shareholders' funds			2,459,500		1,780,113

The financial statements were approved by the Board of Directors and authorised for issue on 30 June 2021 and were signed on its behalf by:

D Courtney - Director

Statement of Changes in Equity
for the year ended 31 December 2020

	Called up share capital £	Retained earnings £	Total equity £
Balance at 1 January 2019	50,000	1,660,889	1,710,889
Changes in equity			
Total comprehensive income	-	69,224	69,224
Balance at 31 December 2019	<u>50,000</u>	<u>1,730,113</u>	<u>1,780,113</u>
Changes in equity			
Total comprehensive income	-	679,387	679,387
Balance at 31 December 2020	<u>50,000</u>	<u>2,409,500</u>	<u>2,459,500</u>

Cash Flow Statement
for the year ended 31 December 2020

	Notes	2020 £	2019 £
Cash flows from operating activities			
Cash generated from operations	1	1,483,407	(582,773)
Interest element of hire purchase payments paid		(27,677)	(27,922)
Net cash from operating activities		<u>1,455,730</u>	<u>(610,695)</u>
Cash flows from investing activities			
Purchase of tangible fixed assets		(165,854)	(265,861)
Sale of tangible fixed assets		10,920	74,307
Net cash from investing activities		<u>(154,934)</u>	<u>(191,554)</u>
Cash flows from financing activities			
New loans in year		50,000	-
Capital repayments in year		(380,264)	(376,993)
Government grants received		123,706	-
Net cash from financing activities		<u>(206,558)</u>	<u>(376,993)</u>
Increase/(decrease) in cash and cash equivalents		<u>1,094,238</u>	<u>(1,179,242)</u>
Cash and cash equivalents at beginning of year	2	2,129,806	3,309,048
Cash and cash equivalents at end of year	2	<u>3,224,044</u>	<u>2,129,806</u>

The notes form part of these financial statements

**Notes to the Cash Flow Statement
for the year ended 31 December 2020**

1. Reconciliation of profit before taxation to cash generated from operations

	2020	2019
	£	£
Profit before taxation	632,453	74,493
Depreciation charges	495,963	473,571
Profit on disposal of fixed assets	(10,591)	(11,197)
Government grants	(133,919)	(19,154)
Finance costs	27,677	27,921
	1,011,583	545,634
Decrease/(increase) in trade and other debtors	603,900	(689,474)
Decrease in trade and other creditors	(132,076)	(438,933)
Cash generated from operations	1,483,407	(582,773)

2. Cash and cash equivalents

The amounts disclosed on the Cash Flow Statement in respect of cash and cash equivalents are in respect of these Balance Sheet amounts:

Year ended 31 December 2020

	31/12/20	1/1/20
	£	£
Cash and cash equivalents	3,224,044	2,129,806

Year ended 31 December 2019

	31/12/19	1/1/19
	£	£
Cash and cash equivalents	2,129,806	3,309,048

3. Analysis of changes in net funds

	At 1/1/20	Cash flow	At 31/12/20
	£	£	£
Net cash			
Cash at bank and in hand	2,129,806	1,094,238	3,224,044
	2,129,806	1,094,238	3,224,044
Debt			
Finance leases	(981,774)	255,269	(726,505)
Debts falling due within 1 year	-	(5,000)	(5,000)
Debts falling due after 1 year	-	(45,000)	(45,000)
	(981,774)	205,269	(776,505)
Total	1,148,032	1,299,507	2,447,539

1. **Statutory information**

Premier Waste (UK) Plc is a private company, registered in England and Wales. The company's registered number and registered office address can be found on the Company Information page.

2. **Accounting policies**

Basis of preparing the financial statements

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

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

The financial statements have been prepared under the historical cost convention. The principal accounting policies adopted are set out below.

The company is a 100% owned subsidiary of Premier Waste (UK) Holdings Plc.

The financial statements of the company are consolidated in the financial statements of the parent company. These consolidated financial statements are available from Companies House, Crown Way, Maindy, Cardiff, CF14 3UZ.

Going concern

At the time of approving the financial statements, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. In making this assessment the directors are required to consider a period of at least 12 months from the date of approval of the financial statements.

Significant judgements and estimates

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

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

Turnover

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

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

Revenue is recognised when the significant risks and rewards of ownership have passed to the customer (usually on dispatch of the goods or service), 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. Where the outcome cannot be estimated reliably, revenue is recognised only to the extent that it is recoverable.

2. **Accounting policies - continued**

Tangible fixed assets

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life or, if held under a finance lease, over the lease term, whichever is the shorter.

Long leasehold	- 10% on cost
Plant and machinery	- 25% on reducing balance
Fixtures and fittings	- 25% on reducing balance
Motor vehicles	- 25% on reducing balance

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

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

Impairment of fixed assets

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

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

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss account, 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.

Cash at bank and in hand

Cash at bank and in hand 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.

Government grants

Grants which are of a revenue nature are credited to the profit and loss account in the same period as the related expenditure.

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

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

Basic financial assets

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

Other financial assets

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

Impairment of financial assets

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

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

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

The impairment reversal is recognised in profit or loss account.

Derecognition of financial assets

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

Classification of financial liabilities

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

Basic financial liabilities

Basic financial liabilities, including trade and other payables, 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 receipts discounted at a market rate of interest.

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

2. Accounting policies - continued

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 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.

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

Derecognition of financial liabilities

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

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.

Taxation

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

Current tax

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

Deferred tax

Deferred tax liabilities are generally recognised for all timing differences and deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Such assets and liabilities are not recognised if the timing difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

Leases

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

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

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

Pension costs and other post-retirement benefits

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

Notes to the Financial Statements - continued
for the year ended 31 December 2020

2. Accounting policies - continued

Employee benefits

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

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

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

3. Turnover

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

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

	2020	2019
	£	£
Waste management services	9,845,211	8,848,179
	<u>9,845,211</u>	<u>8,848,179</u>

4. Other operating income

	2020	2019
	£	£
Government grants	133,919	19,154
	<u>133,919</u>	<u>19,154</u>

5. Employees and directors

	2020	2019
	£	£
Wages and salaries	1,136,083	1,099,031
Social security costs	112,290	103,848
Other pension costs	19,962	19,594
	<u>1,268,335</u>	<u>1,222,473</u>

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

	2020	2019
Administrative	4	4
Direct	34	34
Directors	2	2
	<u>40</u>	<u>40</u>

	2020	2019
	£	£
Directors' remuneration	-	-
	<u>-</u>	<u>-</u>

Notes to the Financial Statements - continued
for the year ended 31 December 2020

6. Operating profit

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

	2020	2019
	£	£
Other operating leases	198,002	198,002
Depreciation - owned assets	191,039	190,234
Depreciation - assets on hire purchase contracts	304,924	283,339
Profit on disposal of fixed assets	(10,591)	(11,197)
Auditors' remuneration	6,000	6,000

7. Interest payable and similar expenses

	2020	2019
	£	£
Hire purchase	27,677	27,921

8. Taxation

Analysis of the tax (credit)/charge

The tax (credit)/charge on the profit for the year was as follows:

	2020	2019
	£	£
Current tax:		
Prior year tax adjustment	(132,099)	-
Deferred tax	85,165	5,269
Tax on profit	(46,934)	5,269

UK corporation tax was charged at 19%) in 2019.

Reconciliation of total tax (credit)/charge included in profit and loss

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

	2020	2019
	£	£
Profit before tax	632,453	74,493
Profit multiplied by the standard rate of corporation tax in the UK of 19% (2019 - 19%)	120,166	14,154
Effects of:		
Expenses not deductible for tax purposes	741	405
Income not taxable for tax purposes	(3,953)	(3,639)
Capital allowances in excess of depreciation	-	(118,651)
Depreciation in excess of capital allowances	21,426	-
Utilisation of tax losses	(138,380)	(9,289)
Adjustments to tax charge in respect of previous periods	(132,099)	-
Deferred tax profit and loss movement	85,165	122,289
Total tax (credit)/charge	(46,934)	5,269

Notes to the Financial Statements - continued
for the year ended 31 December 2020

9. Tangible fixed assets

	Long leasehold £	Plant and machinery £	Fixtures and fittings £	Motor vehicles £	Totals £
Cost					
At 1 January 2020	39,513	4,158,782	175,091	1,114,505	5,487,891
Additions	-	97,624	5,729	187,495	290,848
Disposals	-	(4,000)	-	-	(4,000)
At 31 December 2020	<u>39,513</u>	<u>4,252,406</u>	<u>180,820</u>	<u>1,302,000</u>	<u>5,774,739</u>
Depreciation					
At 1 January 2020	32,753	2,989,716	149,030	415,598	3,587,097
Charge for year	1,014	301,740	6,764	186,445	495,963
Eliminated on disposal	-	-	-	(3,671)	(3,671)
At 31 December 2020	<u>33,767</u>	<u>3,291,456</u>	<u>155,794</u>	<u>598,372</u>	<u>4,079,389</u>
Net book value					
At 31 December 2020	<u>5,746</u>	<u>960,950</u>	<u>25,026</u>	<u>703,628</u>	<u>1,695,350</u>
At 31 December 2019	<u>6,760</u>	<u>1,169,066</u>	<u>26,061</u>	<u>698,907</u>	<u>1,900,794</u>

Fixed assets, included in the above, which are held under hire purchase contracts are as follows:

	Plant and machinery £	Motor vehicles £	Totals £
Cost			
At 1 January 2020	835,170	850,083	1,685,253
Additions	-	124,995	124,995
At 31 December 2020	<u>835,170</u>	<u>975,078</u>	<u>1,810,248</u>
Depreciation			
At 1 January 2020	245,666	251,138	496,804
Charge for year	147,376	157,548	304,924
At 31 December 2020	<u>393,042</u>	<u>408,686</u>	<u>801,728</u>
Net book value			
At 31 December 2020	<u>442,128</u>	<u>566,392</u>	<u>1,008,520</u>
At 31 December 2019	<u>589,504</u>	<u>598,945</u>	<u>1,188,449</u>

10. Debtors: amounts falling due within one year

	2020 £	2019 £
Trade debtors	1,592,105	1,801,400
Amounts owed by group undertakings	129,300	562,132
Other debtors	20,672	-
Prepayments and accrued income	122,327	104,770
	<u>1,864,404</u>	<u>2,468,302</u>

Notes to the Financial Statements - continued
for the year ended 31 December 2020

11. Creditors: amounts falling due within one year

	2020	2019
	£	£
Bank loans and overdrafts (see note 13)	5,000	-
Hire purchase contracts (see note 14)	336,133	354,982
Trade creditors	767,223	1,399,383
Amounts owed to group undertakings	2,175,590	1,730,500
Tax	5	132,103
Social security and other taxes	31,757	31,522
VAT	131,260	109,375
Other creditors	266	20,578
Accruals and deferred income	187,020	133,834
Deferred government grants	7,660	10,213
	<u>3,641,914</u>	<u>3,922,490</u>

12. Creditors: amounts falling due after more than one year

	2020	2019
	£	£
Bank loans (see note 13)	45,000	-
Hire purchase contracts (see note 14)	390,372	626,792
Deferred government grants	22,981	30,641
	<u>458,353</u>	<u>657,433</u>

13. Loans

An analysis of the maturity of loans is given below:

	2020	2019
	£	£
Amounts falling due within one year or on demand:		
Bank loans	<u>5,000</u>	<u>-</u>
Amounts falling due between two and five years:		
Bank loans - 2-5 years	<u>45,000</u>	<u>-</u>

A guarantee from the UK Government to Lloyds Bank Plc has been provided for the bank loan under the BBL Scheme. The loan attracts 2.5% interest and is due to be repaid by June 2026.

14. Leasing agreements

Minimum lease payments under hire purchase fall due as follows:

	2020	2019
	£	£
Net obligations repayable:		
Within one year	336,133	354,982
Between one and five years	<u>390,372</u>	<u>626,792</u>
	<u>726,505</u>	<u>981,774</u>

Finance lease payments represent rentals payable by the company for certain items of plant and machinery. Leases include purchase options at the end of the lease period, and no restrictions are placed on the use of the assets. The average lease term is 3 to 5 years. All leases are on a fixed repayment basis and no arrangements have been entered into for contingent rental payments

Notes to the Financial Statements - continued
for the year ended 31 December 2020

15. Financial instruments

The carrying amount of financial assets (debt instruments) carried at amortised cost is £1,742,077 (2019 £2,363,532).

The carrying amount of financial liabilities measured at amortised cost is £3,719,584 (2019 £4,132,235).

16. Provisions for liabilities

	2020	2019
	£	£
Deferred tax	<u>224,031</u>	<u>138,866</u>
		Deferred tax
		£
Balance at 1 January 2020		138,866
Provided during year		<u>85,165</u>
Balance at 31 December 2020		<u><u>224,031</u></u>

17. Called up share capital

Allotted, issued and fully paid:

Number:	Class:	Nominal value:	2020	2019
			£	£
50,000	Ordinary	£1	<u>50,000</u>	<u>50,000</u>

18. Reserves

	Retained earnings
	£
At 1 January 2020	1,730,113
Profit for the year	<u>679,387</u>
At 31 December 2020	<u><u>2,409,500</u></u>

19. Pension commitments

	2020	2019
	£	£
Defined contribution schemes		
Charge to profit or loss in respect of defined contribution schemes	<u>19,962</u>	<u>19,594</u>

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

20. Contingent liabilities

At the time of approval of the financial statements, the company is responding to an enquiry from HM Revenue and Customs into contributions made by the company into a Creditor Remuneration Trust. HM Revenue and Customs have indicated their view that adjustments are required, but at this time it is impractical to give an accurate estimate of the financial effect of these adjustments. The Directors are of the opinion that no provision for any amounts should be recognised in the financial statements as they strongly believe that no transfer of funds or settlement of any obligation is probable.

Notes to the Financial Statements - continued
for the year ended 31 December 2020

21. Other financial commitments and guarantees

An inter-group unlimited multilateral guarantee dated 07 October 2013 exists in favour of HSBC Bank Plc. The directors are not aware of any potential liability arising from this security.

22. Related party disclosures

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.

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

	2020	2019
	£	£
Purchase of goods and services	-	439,936
Amount due to related party	<u>-</u>	<u>1,729,302</u>

Other related parties

	2020	2019
	£	£
Property and equipment rentals	158,002	158,002
Amount due to related party	<u>561,639</u>	<u>161,321</u>

23. Ultimate controlling party

The ultimate parent company is Premier Waste (UK) Holdings Plc, a company registered in England and Wales under company number 2232586. Copies of the group accounts can be obtained from Companies House, Crown Way, Maindy, Cardiff, CF14 3UZ.

24. Remuneration trust

The company made a contribution in the accounting period to a Remuneration Trust in the amount of £1,200,000 (2019 £1,200,000). The terms of the trust are set out in a trust deed executed by the company and the original trustees.

25. Government grants

	2020	2019
£		
Arising from government grants	<u>30,641</u>	<u>40,854</u>
	<u>30,641</u>	<u>40,854</u>

Deferred income is included in the financial statements as follows:

	2020	2019
	£	£
Current liabilities	7,660	10,213
Non-current liabilities	<u>22,981</u>	<u>30,641</u>
	<u>30,641</u>	<u>40,854</u>

The grants are being released to income over the estimated useful lives of the assets which they are financing.

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