

Recycling Lives Limited

Annual report and financial statements

Registered number 3783452

30 September 2016

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Officers and professional advisers

Directors S T Jackson (resigned 5 April 2017)
 P Finnerty
 DS Jackson
 AB Jackson
 WT Fletcher

Company Secretary P Finnerty

Registered office Recycling Lives Centre
 1a Essex Street
 Preston
 PR1 1QE

Auditor KPMG LLP
 1 St Peter's Square
 Manchester
 M2 3AE

Strategic report

The directors present the Strategic report, Directors' report and the audited financial statements for the year ended 30 September 2016.

Principal Activities

The principal activity of the Company is the provision of a wide range of recycling and waste management solutions, including metal processing, waste electrical and electronic equipment (WEEE), & IT recycling, flat panel display (FPD), cathode ray tube (CRT) display processing and scrap car salvaging. We divert waste from landfill and help our customers to reduce their carbon footprint and fulfil their duty of care when disposing of waste.

The Company has three wholly owned trading subsidiaries, Advantage Waste Brokers Limited (AWB) - providing a producer compliance scheme for WEEE, enabling manufacturers to meet their regulatory obligations for recycling. WE3 Compliance Limited - acquired in May 2015, another WEEE compliance scheme which complements the activities of AWB. Recycling Lives (Environmental Services) Limited - offering skip hire and waste brokers services across the country.

Providing employment to a wide range of skilled and unskilled workers continues to form a significant part of the Company strategy. The Company supports Recycling Lives (UK) Limited, a registered charity that offers support to vulnerable and marginalised people. The charity offers accommodation, education, training and work experience to homeless and long-term unemployed individuals, with the aim of helping them back into full-time work and finding them a place to call home.

Business Review

During the period under review, the Company has shown a significant improvement in gross profit to £6,617,000 (2015: £4,151,000) and gross profit margin rising to 22.8% (2014: 15.2%). Overall profit has gone from a pre-tax loss of £493,000 in 2015 to a pre-tax profit of £2,465,000.

The Company continues to have a strong balance sheet, with net assets of £5,364,000 (2015: £2,654,000) combined with strong liquidity, a strong growth strategy and managed exposure to market forces in times of economic uncertainty means forecast levels of growth are attainable.

The Company's strategy of making significant investment in state-of-the-art processing equipment throughout the period from 2012 to 2014 was completed and fully tested by October 2014; approximately five months behind schedule. Clearly this has had an impact on trade during the financial period and continued into the first quarter of the financial year ending 30 September 2015. However, once fully tested and operational in November 2015, the financial reward of the investment was profound and the board were immediately satisfied that the investment strategy is correct.

The Company wins contracts by providing keen commercial pricing and excellent service levels; social impact is delivered through maximising reuse and by employing diligent recycling techniques. Due to the fact that contract benefits are shared between the Company and the charity, by default contract providers are able to demonstrate and enhance their own corporate social responsibility, whilst maintaining maximum commerciality.

In short, the Company develops, de-risks and delivers charitable impact on behalf of our clients and contract providers, offering additional social value to the contract at no extra cost.

The Company has been awarded the Queen's Award for Enterprise and Sustainable Development for the processing of FPD screens. This is just one example of how the Company is diversifying its operations to maximise profitability and maintain higher market share.

Strategic report (continued)

Key Performance Indicators

The Company monitors its financial trading Key Performance Indicators (KPIs) on a weekly and monthly basis via its internal management information systems. The main financial KPIs produced and reviewed by the Business include:

- Number of loads of material out per week
- Tonnages of material purchased and sold daily by department
- Total hours worked each week and processing costs per tonne by department
- Plant & transport repairs & maintenance costs, fuel usage and economy
- Total income and expenditure against budget

Principal Risks and Uncertainties

In forming the current strategy, the Company determined the biggest risk to business sustainability was to remain a middle-tier material processor, which was limited to trade in the UK. Through making significant investment, the Company has now become a top-tier recycler and developed strong export markets. This yields higher profits and stronger market share of recyclable metal and WEEE.

This combination of being able to compete at the very pinnacle of material pricing and the ability to share exemplary social impact with suppliers, are essential to securing material supply.

Credit Risk

The risk of financial loss due to a counterparty's failure to honour its obligations arises principally in relation to transactions where the Company provides services to customers. Company policies dictate that in excess of 50% of all sales must be paid with cleared funds prior to materials being despatched, thereby minimising losses. All other credit terms are only granted to customers who demonstrate an appropriate payment history and satisfy creditworthiness procedures. Individual exposures are monitored to ensure that the Group's exposure to bad debts is not significant.

In the financial year ended 30 September 2016, the Company incurred no significant bad debts.

Liquidity Risk

The Business seeks to mitigate liquidity risk by closely managing cash flows and monitoring strong weekly KPI's.



W Fletcher
Director

21 June 2017

Directors' report

Dividends

The Company has not paid dividends in either the current or the prior year.

Directors

The directors who held office during the year were as follows:

S T Jackson (resigned 5 April 2017)

P Finnerty

DS Jackson

AB Jackson

WT Fletcher

Disclosure of information to auditor

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the company's auditor is unaware; and each director has taken all the steps that he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the company's auditor is aware of that information.

Other information

An indication of likely future developments in the business and particulars of significant events which have occurred since the end of the financial year have been included in the Strategic Report on page 2.

Auditor

Pursuant to Section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and KPMG LLP will therefore continue in office.

By order of the board



W Fletcher
Director

Recycling Lives Centre
1a Essex Street
Preston
PR1 1QE

21 June 2017

Statement of directors' responsibilities in respect of the Strategic Report, the Directors' Report and the financial statements

The directors are responsible for preparing the Strategic Report, the Directors' 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 they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*.

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of their profit or loss for that period. In preparing each of these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company and the parent 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 its financial statements comply with the Companies Act 2006. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.



KPMG LLP

1 St Peter's Square
Manchester
M2 3AE
United Kingdom

Independent auditor's report to the members of Recycling Lives Limited

We have audited the financial statements of Recycling Lives Limited for the year ended 30 September 2016 set out on pages 8 to 24. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice), including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*.

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.

Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities Statement set out on page 5, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit, and express an opinion on, the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 30 September 2016 and of its profit for the year then ended;
- have been properly prepared in accordance with UK Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Strategic Report and the Director's Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Independent auditor's report to the members of Recycling Lives Limited
(continued)

Matters on which we are required to report by exception

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 director's remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Hywel Jones

Hywel Jones (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
1 St Peter's Square
Manchester
M2 3AE

22nd June 2017

Profit and Loss Account and Other Comprehensive Income
for the year ended 30 September 2016

	Note	2016 £000	2015 £000
Turnover	<i>1</i>	29,074	27,311
Cost of sales		(22,457)	(23,160)
Gross profit		6,617	4,151
Administrative expenses		(4,167)	(4,612)
Other operating income		621	602
<i>Analysis of operating profit:</i>			
EBITDA *		4,254	1,261
Depreciation		(1,183)	(1,120)
Operating profit	<i>2</i>	3,071	141
Profit on sale of fixed assets		-	4
Interest payable and similar charges	<i>6</i>	(606)	(638)
Profit on ordinary activities before taxation		2,469	(493)
Tax on profit on ordinary activities	<i>7</i>	245	(432)
Profit for the financial year		2,714	(925)
Other comprehensive income		-	-
Total comprehensive income for the year		2,714	(925)

* Earnings before interest, taxation, depreciation and amortisation.

All amounts relate to continuing operations.

The notes on pages 11 to 24 form an integral part of these financial statements.

Balance Sheet
At 30 September 2016

	<i>Note</i>	2016 £000	£000	2015 £000	£000
Fixed assets					
Tangible assets	8		17,010		16,673
Investments	9		950		950
			<hr/>		<hr/>
			17,960		17,623
Current assets					
Stocks		655		894	
Debtors	10	6,567		3,545	
Cash at bank and in hand	11	28		264	
			<hr/>	<hr/>	
Creditors: amounts falling due within one year	12	7,250 (7,787)		4,703 (7,384)	
			<hr/>	<hr/>	
Net current liabilities			(537)		(2,681)
			<hr/>		<hr/>
Total assets less current liabilities			17,423		14,942
Creditors: amounts falling due after more than one year	13		(11,176)		(11,580)
Provisions for liabilities	15		(883)		(708)
			<hr/>		<hr/>
Net assets			5,364		2,654
			<hr/>		<hr/>
Capital and reserves					
Called up share capital	17		-		-
Capital redemption reserve			7		7
Profit and loss account			5,357		2,647
			<hr/>		<hr/>
Shareholders' funds			5,364		2,654
			<hr/>		<hr/>

The notes on pages 11 to 24 form an integral part of these financial statements.

These financial statements were approved by the board of directors on **21** June 2017 and were signed on its behalf by:



W Fletcher
Director

Registered number 3783452

Statement of Changes in Equity

	Called up Share capital £000	Capital redemption reserve £000	Profit and loss account £000	Total equity £000
Balance at 1 October 2014	-	7	3,572	3,579
Total comprehensive income for the period				
Loss	-	-	(925)	(925)
	<hr/>	<hr/>	<hr/>	<hr/>
Total comprehensive income for the period	-	-	(925)	(925)
	<hr/>	<hr/>	<hr/>	<hr/>
Balance at 30 September 2015	-	7	2,647	2,654
	<hr/>	<hr/>	<hr/>	<hr/>

	Called up Share capital £000	Capital redemption reserve £000	Profit and loss account £000	Total equity £000
Balance at 1 October 2015	-	7	2,647	2,654
Total comprehensive income for the period				
Profit	-	-	2,710	2,710
	<hr/>	<hr/>	<hr/>	<hr/>
Total comprehensive income for the period	-	-	2,710	2,710
	<hr/>	<hr/>	<hr/>	<hr/>
Balance at 30 September 2016	-	7	5,357	5,364
	<hr/>	<hr/>	<hr/>	<hr/>

The notes on page 11 to 24 form an integral part of these financial statements.

Notes

(forming part of the financial statements)

1 Accounting policies

Recycling Lives Limited (the “Company”) is a company limited by shares and incorporated and domiciled in the UK. The Company is registered in England and Wales.

The Company is exempt by virtue of s400 of the Companies Act 2006 from the requirement to prepare group financial statements. These financial statements present information about the Company as an individual undertaking and not about its group.

These financial statements were prepared in accordance with Financial Reporting Standard 102 *The Financial Reporting Standard* applicable in the UK and Republic of Ireland (“FRS 102”) as issued in August 2014. The presentation currency of these financial statements is sterling. All amounts in the financial statements have been rounded to the nearest £1,000.

In the transition to FRS 102 from old UK GAAP, the Company has made no measurement and recognition adjustments.

The Company’s ultimate parent undertaking, Recycling Lives Holdings Limited includes the Company in its consolidated financial statements. The consolidated financial statements of Recycling Lives Holdings Limited are available to the public and may be obtained from Companies House, Crown Way, Cardiff, CF14 3UZ, United Kingdom. In these financial statements, the Company is considered to be a qualifying entity (for the purposes of this FRS) and has applied the exemptions available under FRS 102 in respect of the following disclosures:

- Reconciliation of the number of shares outstanding from the beginning to end of the period;
- Cash Flow Statement and related notes; and
- Key Management Personnel compensation.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements.

1.1 Measurement convention

The financial statements are prepared on the historical cost basis.

1.2 Going concern

The financial statements have been prepared on a going concern basis.

The Company’s business activities together with the factors likely to affect its future development, performance and position are set out in the Strategic Report on page 2.

The Company meets its day to day working capital requirements through an overdraft facility and term loans.

The directors have considered the Company to have adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern assumption.

In June 2018 the bank loan facility is due to mature, given current performance and the security provided by the business the directors are confident a favourable agreement will be in place well before maturity to extend this facility for the foreseeable future.

1.3 Classification of financial instruments issued by the Company

In accordance with FRS 102.22, financial instruments issued by the Company are treated as equity only to the extent that they meet the following two conditions:

- (a) they include no contractual obligations upon the Company to deliver cash or other financial assets or to exchange financial assets or financial liabilities with another party under conditions that are potentially unfavourable to the Company; and
- (b) where the instrument will or may be settled in the entity’s own equity instruments, it is either a non-derivative that includes no obligation to deliver a variable number of the entity’s own equity instruments or is a derivative that will be settled by the entity exchanging a fixed amount of cash or other financial assets for a fixed number of its own equity instruments.

Notes (continued)

1 Accounting policies (continued)

1.3 Classification of financial instruments issued by the Company (continued)

To the extent that this definition is not met, the proceeds of issue are classified as a financial liability. Where the instrument so classified takes the legal form of the entity's own shares, the amounts presented in these financial statements for called up share capital and share premium account exclude amounts in relation to those shares.

1.4 Basic financial instruments

Trade and other debtors / creditors

Trade and other debtors are recognised initially at transaction price less attributable transaction costs. Trade and other creditors are recognised initially at transaction price plus attributable transaction costs. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses in the case of trade debtors. If the arrangement constitutes a financing transaction, for example if payment is deferred beyond normal business terms, then it is measured at the present value of future payments discounted at a market rate of instrument for a similar debt instrument.

Interest-bearing borrowings classified as basic financial instruments

Interest-bearing borrowings are recognised initially at the present value of future payments discounted at a market rate of interest. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost using the effective interest method, less any impairment losses.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits. Bank overdrafts that are repayable on demand and form an integral part of the Company's cash management are included as a component of cash and cash equivalents for the purpose only of the cash flow statement.

1.5 Investments

In the parent financial statements, investments in subsidiaries are carried at cost less impairment.

Unlisted investments are stated at cost less any impairment.

1.6 Tangible fixed assets

Tangible fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses. Certain items of tangible fixed assets that had been revalued to fair value on or prior to the date of transition to FRS 102, are measured on the basis of deemed cost, being the revalued amount at the date of that revaluation.

Where parts of an item of tangible fixed assets have different useful lives, they are accounted for as separate items of tangible fixed assets.

Leases in which the entity assumes substantially all the risks and rewards of ownership of the leased asset are classified as finance leases. All other leases are classified as operating leases. Leased assets acquired by way of finance lease are stated on initial recognition at an amount equal to the lower of their fair value and the present value of the minimum lease payments at inception of the lease, including any incremental costs directly attributable to negotiating and arranging the lease. At initial recognition a finance lease liability is recognised equal to the fair value of the leased asset or, if lower, the present value of the minimum lease payments. The present value of the minimum lease payments is calculated using the interest rate implicit in the lease. Lease payments are accounted for as described at 1.10 below.

The Company assesses at each reporting date whether tangible fixed assets (including those leased under a finance lease) are impaired.

Depreciation is charged to the profit and loss account on a straight-line basis over the estimated useful lives of each part of an item of tangible fixed assets. Leased assets are depreciated over the shorter of the lease term and their useful lives. The estimated useful lives are as follows:

Improvements to property	10% on cost
Plant and machinery	5 - 20% on reducing balance
Fixtures and fittings	25% on reducing balance
Motor vehicles	25% on reducing balance

Notes (continued)

1 Accounting policies (continued)

1.6 Tangible fixed assets (continued)

Depreciation methods, useful lives and residual values are reviewed if there is an indication of a significant change since last annual reporting date in the pattern by which the company expects to consume an asset's future economic benefits.

1.7 Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost is based on the first-in first-out average principle and includes expenditure incurred in acquiring the stocks, production or conversion costs and other costs in bringing them to their existing location and condition.

1.8 Provisions

A provision is recognised in the balance sheet when the entity has a present legal or constructive obligation as a result of a past event, that can be reliably measured and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are recognised at the best estimate of the amount required to settle the obligation at the reporting date.

Where the parent company enters into financial guarantee contracts to guarantee the indebtedness of other companies within its company, the company treats the guarantee contract as a contingent liability in its individual financial statements until such time as it becomes probable that the company will be required to make a payment under the guarantee.

1.9 Turnover

Turnover represents amounts invoiced, net of value added tax, in respect of the sale of goods and services to customers.

1.10 Expenses

Operating lease

Payments (excluding costs for services and insurance) made under operating leases are recognised in the profit and loss account on a straight-line basis over the term of the lease unless the payments to the lessor are structured to increase in line with expected general inflation; in which case the payments related to the structured increases are recognised as incurred. Lease incentives received are recognised in profit and loss over the term of the lease as an integral part of the total lease expense.

Finance lease

Minimum lease payments are apportioned between the finance charge and the reduction of the outstanding liability using the rate implicit in the lease. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability. Contingent rents are charged as expenses in the periods in which they are incurred.

Interest receivable and Interest payable

Interest payable and similar charges include interest payable, finance leases recognised in profit or loss using the effective interest method.

Interest income and interest payable are recognised in profit or loss as they accrue, using the effective interest method. Dividend income is recognised in the profit and loss account on the date the entity's right to receive payments is established.

1.11 Taxation

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the profit and loss account except to the extent that it relates to items recognised directly in equity or other comprehensive income, in which case it is recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Notes (continued)

1 Accounting policies (continued)

1.11 Taxation (continued)

Deferred tax is provided on timing differences which arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in the financial statements. The following timing differences are not provided for: differences between accumulated depreciation and tax allowances for the cost of a fixed asset if and when all conditions for retaining the tax allowances have been met; and differences relating to investments in subsidiaries, to the extent that it is not probable that they will reverse in the foreseeable future and the reporting entity is able to control the reversal of the timing difference. Deferred tax is not recognised on permanent differences arising because certain types of income or expense are non-taxable or are disallowable for tax or because certain tax charges or allowances are greater or smaller than the corresponding income or expense.

Deferred tax is measured at the tax rate that is expected to apply to the reversal of the related difference, using tax rates enacted or substantively enacted at the balance sheet date. Deferred tax balances are not discounted.

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

2 Turnover

	2016 £000	2015 £000
Sale of goods	29,074	27,311
Total turnover	29,074	27,311
By geographical market	2016 £000	2015 £000
United Kingdom	15,484	18,112
Asia	6,674	3,476
Europe	4,208	2,538
United States of America	2,708	3,185
	29,074	27,311

3 Auditor's remuneration

Auditor's remuneration:

	2016 £000	2015 £000
Audit of these financial statements	17	17

Notes (continued)

4 Staff numbers and costs

The average number of persons employed by the Company (including directors) during the period, analysed by category, was as follows:

	Number of employees	
	2016	2015
Administration	36	38
Production	165	184
	<hr/>	<hr/>
	201	222
	<hr/>	<hr/>

The aggregate payroll costs of these persons were as follows:

	2016	2015
	£000	£000
Wages and salaries	4,430	5,026
Social security	365	366
Contributions to defined contribution plans	28	28
	<hr/>	<hr/>
	4,823	5,420
	<hr/>	<hr/>

5 Directors' emoluments

The directors' emoluments in respect of qualifying services were:

	2016	2015
	£000	£000
Directors' emoluments	260	344
Company contributions to money purchase pension plans	6	6
	<hr/>	<hr/>

The aggregate of remuneration and amounts receivable under long term incentive schemes of the highest paid director was £75,000 (2015: £70,000), and company pension contributions of £2,000 (2015: £1,000) were made to a money purchase scheme on his behalf.

	Number of directors	
	2016	2015
Retirement benefits are accruing to the following number of directors under:		
Money purchase schemes	5	5
	<hr/>	<hr/>

6 Interest payable and similar charges

	2016	2015
	£	£
Bank loan interest payable	564	600
Hire purchase interest	42	38
	<hr/>	<hr/>
	606	638
	<hr/>	<hr/>

Notes (continued)

7 Taxation

Total tax expense recognised in the profit and loss account, other comprehensive income and equity

	2016 £000	£000	2015 £000	£000
<i>Current tax</i>				
Current tax on income for the period	60		-	
Adjustments in respect of prior periods	(480)		(28)	
	<hr/>		<hr/>	
Total current tax		(420)		(28)
<i>Deferred tax (see note 15)</i>				
Origination and reversal of timing differences	175		460	
	<hr/>		<hr/>	
Total deferred tax		175		460
		<hr/>		<hr/>
Total tax		(245)		432
		<hr/> <hr/>		<hr/> <hr/>

	£000	2016 £000	£000	£000	2015 £000	£000
	Current tax	Deferred tax	Total tax	Current tax	Deferred tax	Total tax
Recognised in Profit and loss account	(420)	175	(245)	(28)	460	432
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total tax	(420)	175	(245)	(28)	460	432
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

Analysis of current tax recognised in profit and loss

	2016 £000	2015 £000
UK corporation tax	(420)	(28)
	<hr/>	<hr/>
Total current tax recognised in profit and loss	(420)	(28)
	<hr/> <hr/>	<hr/> <hr/>

Notes (continued)

7 Taxation (continued)

Reconciliation of effective tax rate

	2016	2015
	£000	£000
Profit/(loss) for the year	2,710	(925)
Total tax expense	(245)	432
	<hr/>	<hr/>
Profit/(loss) excluding taxation	2,465	(493)
Tax using the UK corporation tax rate of 20% (2015: 20%)	493	(99)
Non-deductible expenses	43	71
Recognition of previously unrecognised tax losses	(301)	-
Current year losses for which no deferred tax asset was recognised	-	195
Group losses surrendered	-	39
Deferred tax prior year adjustment	-	254
Under / (over) provided in prior years	(480)	(28)
	<hr/>	<hr/>
Total tax expense included in profit or loss	(245)	432
	<hr/>	<hr/>

Factors that may affect future current tax changes

Reductions in the UK corporation tax rate from 23% to 21% (effective from 1 April 2014) and 20% (effective from 1 April 2015) were substantively enacted on 2 July 2013. Further reductions to 19% (effective from 1 April 2017) and to 18% (effective 1 April 2020) were substantively enacted on 26 October 2015.

An additional reduction to 17% (effective 1 April 2020) was substantively enacted on 6 September 2016. This will reduce the company's future current tax charge.

Notes (continued)

8 Tangible fixed assets

	Land and buildings £000	Plant and machinery £000	Fixtures and fittings £000	Motor vehicles £000	Total £000
Cost					
As at 1 October 2015	8,504	11,621	775	627	21,527
Additions	-	1,330	72	118	1,520
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
As at 30 September 2016	8,504	12,951	847	745	23,047
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Depreciation					
As at 1 October 2015	867	2,946	562	479	4,854
Charge for the year	258	823	58	44	1,183
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
As at 30 September 2016	1,125	3,769	620	523	6,037
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Net book value					
As at 30 September 2016	7,379	9,182	227	222	17,010
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
As at 30 September 2015	7,637	8,675	213	148	16,673
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>

Land and buildings

The net book value of land and buildings includes:

	2016 £000	2015 £000
Freehold property	3,960	3,960
Improvements to property	1,519	1,777
Long leasehold	1,900	1,900
	<hr/>	<hr/>
	7,379	7,637
	<hr/>	<hr/>

Hire purchase agreements

Included within the total net book value of tangible fixed assets is £1,379,000 (2015: £762,000) in respect of assets held under finance lease and similar hire purchase contracts, depreciation for the year on these assets were £167,000 (2015: £184,000).

Notes (continued)

9 Fixed asset investments

<i>Cost and net book value</i>	Shares in company undertakings £000
As at 1 October 2015 and 30 September 2016	950

	Registered office address	Registered number	Principal activity
<i>Subsidiary undertakings</i>			
Advantage Waste Brokers Limited	Recycling Lives Centre, Essex Street, Preston PR1 1QE	04748329	WEEE Producer Compliance Scheme
WE3 Compliance Limited	Recycling Lives Centre Essex Street, Preston PR1 1QE	05944262	WEEE Producer Compliance Scheme
Recycling Lives (Environmental Services) Limited	Recycling Lives Centre Essex Street, Preston PR1 1QE	07189786	Waste Management
Recycling Lives (Services) Limited	Recycling Lives Centre Essex Street, Preston PR1 1QE	09285420	Dormant
Bulky Waste Limited	Recycling Lives Centre Essex Street, Preston PR1 1QE	07564259	Dormant

Investments above which represent a holding greater than 20% are as follows:

	Aggregate of capital and reserves £000	Profit or loss for the year £000	Class of shares held	Ownership	
				2016	2015
Advantage Waste Brokers Limited	301	-	Ordinary	100%	100%
WE3 Compliance Limited	427	3	Ordinary	100%	100%
Recycling Lives (Environmental Services) Limited	(8)	(8)	Ordinary	100%	100%
Recycling Lives (Services) Limited	-	-	Ordinary	100%	100%
Bulky Waste Limited	-	-	Ordinary	100%	100%

Notes (continued)

10 Stock

	2016	2015
	£000	£000
Stocks of materials for resale	655	894

11 Debtors

	2016	2015
	£000	£000
Trade debtors	3,468	1,911
Amounts owed by group undertakings	1,843	1,033
Director current accounts	55	72
Other debtors	365	59
Prepayments and accrued income	836	469
	6,567	3,545

12 Creditors: Amounts falling due within one year

	2016	2015
	£000	£000
Bank loans and overdrafts	1,082	1,134
Obligations under finance leases and hire purchase contracts	322	232
Trade creditors	4,881	4,678
Corporation tax	59	-
Amounts owed to group undertakings	539	807
Taxation and social security	247	76
Other creditors	35	75
Accruals and deferred income	622	382
	7,787	7,384

13 Creditors: Amounts falling due after more than one year

	2016	2015
	£000	£000
Bank loans and overdrafts	10,240	11,053
Obligations under finance leases and hire purchase contracts	936	527
	11,176	11,580

Notes (continued)

14 Interest-bearing loans and borrowings

An analysis of the maturity of loans, overdrafts and finance leases is given below:

	Bank loans & overdrafts £000	Obligations under finance lease and HP contracts £000	Total £000
<i>As at 30 September 2016</i>			
In one year or less on demand	1,082	322	1,404
Between one and two years	10,240	936	11,176
Between two and five years	-	-	-
	<hr/>	<hr/>	<hr/>
	11,322	1,258	12,580
	<hr/>	<hr/>	<hr/>
<i>As at 30 September 2015</i>			
In one year or less on demand	1,134	232	1,366
Between one and two years	624	262	886
Between two and five years	10,429	265	10,694
	<hr/>	<hr/>	<hr/>
	12,187	759	12,946
	<hr/>	<hr/>	<hr/>

The Company has granted a first legal charge over its freehold and leasehold property as security for the bank loans. The hire purchase debts are secured on the assets to which they relate.

The single bank loan is repayable over 15 years and is due to mature in June 2018, it attracts a rate of 3.25% above LIBOR

Finance lease liabilities

Finance lease liabilities are payable as follows:

	Minimum lease payments 2016 £000	Minimum lease payments 2015 £000
Less than one year	322	232
Between one and five years	936	527
More than five years	-	-
	<hr/>	<hr/>
	1,258	759
	<hr/>	<hr/>

Notes (continued)

15 Provision for liabilities

Deferred tax assets and liabilities are attributable to the following:

	Assets		Liabilities		Net	
	2016	2015	2016	2015	2016	2015
	£000	£000	£000	£000	£000	£000
Accelerated capital allowances	-	-	883	708	883	708
Net tax (assets) / liabilities	-	-	883	708	883	708
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
					Deferred	
					tax provision	
					£	
As at 1 October 2015						708
Provisions made during the year in relation to accelerated capital allowances						175
						<u> </u>
As at 30 September 2016						883
						<u> </u>

A deferred tax asset of £276,000 was not recognised in 2015 in respect of prior year trading losses. This was following a review of forecasts in the prior year, where management concluded that the Company was not expected to utilise a significant amount of the tax losses in the short term. These 2015 trading losses have been fully utilised in the current period.

16 Employee benefits

Defined contribution plans

The Company operates a number of defined contribution pension plans.

The total expense relating to these plans in the current year was £29,000 (2015: £28,000).

17 Capital and reserves

	2016	2015
	£	£
<i>Allotted, called up and fully paid</i>		
100 Ordinary shares at £1 each	100	100
	<u> </u>	<u> </u>

Notes (continued)

18 Operating lease commitments

Non-cancellable operating lease rentals are payable as follows:

	2016 £000	2015 £000
Less than one year	343	359
Between one and five years	794	1,048
More than five years	7,794	7,877
	<hr/> 8,931 <hr/>	<hr/> 9,284 <hr/>

During the year £432,000 was recognised as an expense in the profit and loss account in respect of operating leases (2015: £488,000).

19 Directors' loan accounts

The following balances owed to the Company directors were outstanding at the year-end:

	2016 £000	2015 £000
D Jackson	53	12
S Jackson	2	53
P Finnerty	-	5
A Jackson	-	1
W Fletcher	-	1
	<hr/> 55 <hr/>	<hr/> 72 <hr/>

20 Related parties

As permissible under FRS 102, particulars have not been provided for related party transactions entered into between two or more members of a company, provided that any member which is a party to the transaction is wholly-owned by that company.

The related party transactions with other parties are outlined below:

New Reg Limited

S Jackson is a shareholder in Recycling Lives Limited and also a shareholder and director in New Reg Limited.

At the end of the period Recycling Lives Limited owed £74,000 (2015: £97,000) to New Reg Limited. The balance relates to purchases for IT support services over the period of £11,000 (2015: £47,000) and recharges of wages for £34,000 (2015: £nil).

Notes *(continued)*

21 Ultimate controlling parties

The Company is a subsidiary undertaking of Recycling Lives Holdings Limited. The ultimate controlling party is Recycling Lives Holdings Limited.

The largest and smallest group in which the results of the Company are consolidated is that headed by Recycling Lives Holdings Limited, incorporated in England and Wales. The registered office address of Recycling Lives Holdings Limited is Recycling Lives Centre, 1a Essex Street, Preston, PR1 1QE. The consolidated financial statements of this group is available to the public and may be obtained from Companies House, Crown Way, Cardiff, CF14 3UZ, United Kingdom.