

Company Registration No. 02318907 (England and Wales)

**LANSTAR LIMITED**  
**ANNUAL REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2019**

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# LANSTAR LIMITED

## COMPANY INFORMATION

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<b>Directors</b>	H Gould N Richards S Hicks J Cartmell K North	(Appointed 1 January 2019) (Appointed 1 July 2020)
<b>Secretary</b>	K North	
<b>Company number</b>	02318907	
<b>Registered office</b>	Chartwell House 5 Barnes Wallis Road Segensworth East Fareham Hampshire PO15 5TT	
<b>Auditor</b>	KPMG LLP Gateway House Tollgate Chandlers Ford Eastleigh Hampshire SO53 3TG	
<b>Business address</b>	Liverpool Road Cadishead Manchester Greater Manchester M44 5DT	

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# LANSTAR LIMITED

## CONTENTS

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	Page
Strategic report	1
Directors' report	2 - 3
Independent auditor's report	4 - 5
Profit and loss account	6
Balance sheet	7
Statement of changes in equity	8
Notes to the financial statements	9 - 22

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# LANSTAR LIMITED

## STRATEGIC REPORT

### FOR THE YEAR ENDED 31 DECEMBER 2019

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The directors present the strategic report for the year ended 31 December 2019. Further details can be found in the accounts of the ultimate parent company, Cleansing Service Group Limited.

#### **Fair review of the business**

Turnover has grown 20% year on year with a major focus on growing the company's share in the hazardous waste market. Gross profit percentage has increased slightly and the gross profit has grown 21% year on year. Administrative expenses have reduced year on year. This has resulted in an overall increase in the net profit in the year.

On 3 April 2017 the company suffered a fatal accident at its Cadishead site, with the death of Ron Lowe after a forklift truck incident. The site is owned and operated by the company and Ron Lowe was a valued and popular member of staff. The coroner's inquest was held on 19 and 20 August 2019 and the conclusion by the jury was accidental death. The incident has been investigated by the HSE and we have co-operated fully with them, making a thorough and comprehensive contribution to the enquiry. We have received notification from the HSE that they intend to bring legal proceedings in relation to the incident and we now await further details from them.

#### **Financial risk management objectives and policies**

The financial risks faced by the company are monitored by the Board and objectives set in order that exposure to price, credit, liquidity and cash flow risks are minimised. Where appropriate, specific risk reduction processes and instruments are put in place to achieve this, including a policy that requires appropriate credit checks on significant potential customers before work is undertaken.

#### **Brexit**

The nature of the UK's future trading relationship with the EU is still to be determined. The company continues to monitor the potential risks and implications arising from the UK's decision to exit the EU. This includes an assessment of the risks that could impact its business model, future performance, solvency and liquidity. The company exports waste under TFS (trans-frontier shipments) arrangements we are keen to ensure that frictionless trade in this regard continues.

Much of the UK's recent environmental policy and regulation has been driven by directives from the EU and whilst we do not expect there to be significant change to the UK's policy and regulation post Brexit we hope that the UK will drive its own environmental agenda moving forward.

#### **Principal risks and uncertainties**

The current economic climate presents significant risks to all businesses and the company has taken a number of steps to minimise the potential impact of those risks, including a policy that requires appropriate credit checks on significant potential customers before work is undertaken.

#### **Future developments**

The directors of Lanstar Limited have no plans to change the way the company operates.

On behalf of the board



K North

Director

16 July 2020

# LANSTAR LIMITED

## DIRECTORS' REPORT

### FOR THE YEAR ENDED 31 DECEMBER 2019

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The directors present their annual report and financial statements for the year ended 31 December 2019.

#### Principal activities

The principal activity of the company continued to be that of the processing and safe disposal of hazardous waste.

#### Directors

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

H Gould

N Richards

B Dollen

(Resigned 30 June 2020)

S Hicks

J Cartmell

(Appointed 1 January 2019)

K North

(Appointed 1 July 2020)

#### Results and dividends

The results for the year are set out on page 6.

No ordinary dividends were paid. The directors do not recommend payment of a final dividend.

#### Going Concern

The financial statements have been prepared on a going concern basis which the directors consider to be appropriate for the following reasons.

The directors have prepared forecasts at a group level for a period of 12 months from the date of these financial statements on a realistic and worst case basis which includes severe but plausible downsides, which indicates that the company will have sufficient funds, through intercompany loans, to meet its liabilities as they fall due for that period.

Cleansing Service Group Limited has indicated its intention to continue to make available such funds as are needed by the company. As with any company placing reliance on other group entities for financial support, the directors acknowledge that there can be no certainty that this support will continue although, at the date of approval of these financial statements, they have no reason to believe that it will not do so.

Consequently, the directors are confident that the company will have sufficient funds to continue to meet its liabilities as they fall due for at least 12 months from the date of approval of the financial statements and therefore have prepared the financial statements on a going concern basis.

#### Covid-19

The Coronavirus pandemic has impacted the global and UK markets and presents a significant risk to all businesses. The company operates in the waste management industry which has been deemed a key industry and so has continued to trade throughout the lockdown period. The company has seen an impact on sales since the lockdown rules were put in place but this reduction is not significant and the directors are forecasting the company to make a profit in the 12 months from the date of approval of the financial statements. Further details regarding the steps taken to mitigate the risks can be found in the accounts of the ultimate parent company, Cleansing Service Group Limited.

#### Auditor

The auditor's, KPMG LLP, are deemed to be reappointed under section 487(2) of the Companies Act 2006.

A resolution to reappoint the auditor, KPMG LLP, for the ensuing year will be proposed at the forthcoming annual general meeting.

# LANSTAR LIMITED

## DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

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### Statement of directors' responsibilities

The directors are responsible for preparing the Strategic Report, 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 the directors 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 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 UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- assess the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

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 such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and 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.

### Statement of disclosure to auditor

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the company's auditor is unaware. Additionally, the directors individually have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the company's auditor is aware of that information.

### Matters covered in the Strategic Report

Financial risk management is not shown in the directors report because it is shown in the strategic report instead under s414C(11).

On behalf of the board



K North  
Director

16 July 2020

# LANSTAR LIMITED

## INDEPENDENT AUDITOR REPORT TO THE MEMBERS OF LANSTAR LIMITED

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### Opinion

We have audited the financial statements of Lanstar Limited (the 'company') for the year ended 31 December 2019 which comprise the profit and loss account, the statement of comprehensive income, the balance sheet, the statement of changes in equity and notes to the financial statements, including a summary of significant accounting policies in note 1.

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2019 and of its profit for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 102 *The Financial Reporting Standard applicable to the UK and Republic of Ireland*; 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 are described below. We have fulfilled our ethical responsibilities, and are independent of the company in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Going concern

The directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the company or to cease its operations, and as they have concluded that the company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over its ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

We are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least a year from the date of approval of the financial statements. In our evaluation of the directors' conclusions, we considered the inherent risks to the company's business model and analysed how those risks might affect the company's financial resources or ability to continue operations over the going concern period. We have nothing to report in these respects.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the absence of reference to a material uncertainty in this auditor's report is not a guarantee that the company will continue in operation.

### Strategic report and directors' report

The directors are responsible for the strategic report and the directors' report. Our opinion on the financial statements does not cover those reports and we do not express an audit opinion thereon.

Our responsibility is to read the strategic report and directors' report and, in doing so, consider whether based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the strategic report and the directors' report;
- in our opinion the information given in those reports for the financial year is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

# LANSTAR LIMITED

## INDEPENDENT AUDITOR REPORT (CONTINUED) TO THE MEMBERS OF LANSTAR LIMITED

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

Under the Companies Act 2006 we are required 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.

We have nothing to report in these respects.

### Responsibilities of directors

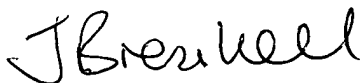
As explained more fully in the directors' responsibilities statement, the directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; 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 they either intend to liquidate the company or to cease operations, or have not realistic alternative but to do so.

### Auditor 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 does not 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 fuller description of our responsibilities is provided on the FRC's website at [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities).

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 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.



**Julie Breakell (Senior Statutory Auditor)**  
for and on behalf of KPMG LLP

**Chartered Accountants**  
**Statutory Auditor**

16 July 2020

Gateway House  
Tollgate  
Chandlers Ford  
Eastleigh  
Hampshire  
SO53 3TG



# LANSTAR LIMITED

## PROFIT AND LOSS ACCOUNT

**FOR THE YEAR ENDED 31 DECEMBER 2019**

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	Notes	2019 £	2018 £
Turnover	3	15,983,053	13,293,340
Cost of sales		(10,903,108)	(9,142,190)
<b>Gross profit</b>		<u>5,079,945</u>	<u>4,151,150</u>
Administrative expenses		(1,250,630)	(1,383,290)
<b>Profit before taxation</b>	4	<u>3,829,315</u>	<u>2,767,860</u>
Tax on profit	6	(632,492)	(531,715)
<b>Profit for the financial year</b>		<u><u>3,196,823</u></u>	<u><u>2,236,145</u></u>

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

Profit for the financial year 2019 and 2018 is wholly attributable to the owners of the company.

# LANSTAR LIMITED

## BALANCE SHEET

AS AT 31 DECEMBER 2019

	Notes	2019 £	£	2018 £	£
<b>Fixed assets</b>					
Tangible assets	7		2,559,242		2,423,968
<b>Current assets</b>					
Stocks	8	67,644		41,943	
Debtors	9	24,314,369		20,881,160	
Cash at bank and in hand		3,451		1,808	
		<u>24,385,464</u>		<u>20,924,911</u>	
<b>Creditors: amounts falling due within one year</b>	10	<u>(2,639,601)</u>		<u>(2,302,395)</u>	
<b>Net current assets</b>			21,745,863		18,622,516
<b>Total assets less current liabilities</b>			<u>24,305,105</u>		<u>21,046,484</u>
<b>Provisions for liabilities</b>	11		(288,185)		(226,387)
<b>Net assets</b>			<u>24,016,920</u>		<u>20,820,097</u>
<b>Capital and reserves</b>					
Called up share capital	14	3,533,774		3,533,774	
Profit and loss reserves		20,483,146		17,286,323	
<b>Total equity</b>			<u>24,016,920</u>		<u>20,820,097</u>

The financial statements were approved by the board of directors and authorised for issue on 16 July 2020 and are signed on its behalf by:



K North  
Director

Company Registration No. 02318907

# LANSTAR LIMITED

## STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2019

	Share capital	Revaluation reserve	Profit and loss reserves	Total
	£	£	£	£
<b>Balance at 1 January 2018</b>	3,533,774	206,813	14,843,365	18,583,952
<b>Year ended 31 December 2018:</b>				
Profit for the year	-	-	2,236,145	2,236,145
Transfers in respect of revaluation of freehold property	-	(206,813)	206,813	-
<b>Balance at 31 December 2018</b>	3,533,774	-	17,286,323	20,820,097
<b>Year ended 31 December 2019:</b>				
Profit for the year	-	-	3,196,823	3,196,823
<b>Balance at 31 December 2019</b>	3,533,774	-	20,483,146	24,016,920

# LANSTAR LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

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### 1 Accounting policies

#### Company information

Lanstar Limited is a private company limited by shares incorporated in England and Wales. The registered office is Chartwell House, 5 Barnes Wallis Road, Segensworth East, Fareham, Hampshire, PO15 5TT.

#### 1.1 Accounting convention

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, modified to include the revaluation of freehold properties and to include investment properties and certain financial instruments at fair value. The principal accounting policies adopted are set out below.

This company is a qualifying entity for the purposes of FRS 102, being a member of a group where the parent of that group prepares publicly available consolidated financial statements, including this company, which are intended to give a true and fair view of the assets, liabilities, financial position and profit or loss of the group. The company has therefore taken advantage of exemptions from the following disclosure requirements:

- Section 7 'Statement of Cash Flows': Presentation of a statement of cash flow and related notes and disclosures;
- Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instrument Issues': Interest income/expense and net gains/losses for each category of financial instrument; basis of determining fair values; details of collateral, loan defaults or breaches, details of hedges, hedging fair value changes recognised in profit or loss and in other comprehensive income;
- Section 26 'Share Based Payment': Share-based payment expense charged to profit or loss, reconciliation of opening and closing number and weighted average exercise price of share options, how the fair value of options granted was measured, measurement and carrying amount of liabilities for cash-settled share-based payments, explanation of modifications to arrangements;
- Section 33 'Related Party Disclosures': Disclosures in respect of transactions with wholly owned subsidiaries;

Lanstar Limited is a wholly owned subsidiary of Cleansing Service Group Limited and the results of Lanstar Limited are included in the consolidated financial statements of Cleansing Service Group Limited which are available from Chartwell House, 5 Barnes Wallis Road, Segensworth East, Fareham, PO15 5TT.

#### 1.2 Going concern

The financial statements have been prepared on a going concern basis which the directors consider to be appropriate for the following reasons.

The directors have prepared forecasts at a group level for a period of 12 months from the date of these financial statements on a realistic and worst case basis which includes severe but plausible downsides, which indicates that the company will have sufficient funds, through intercompany loans, to meet its liabilities as they fall due for that period.

Cleansing Service Group Limited has indicated its intention to continue to make available such funds as are needed by the company. As with any company placing reliance on other group entities for financial support, the directors acknowledge that there can be no certainty that this support will continue although, at the date of approval of these financial statements, they have no reason to believe that it will not do so.

# LANSTAR LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2019

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#### 1 Accounting policies

(Continued)

Consequently, the directors are confident that the company will have sufficient funds to continue to meet its liabilities as they fall due for at least 12 months from the date of approval of the financial statements and therefore have prepared the financial statements on a going concern basis.

#### 1.3 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 and volume rebates.

Credit is taken for income from the intake of waste material when the material is received from customers.

Provision is made for the amount, if any, by which the cost of processing and disposing of stocks of untreated waste exceeds the realisable value of recovered and recoverable products.

The profit, if any, on disposing of recoverable products is taken when they are sold.

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

#### 1.4 Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost, net of depreciation and any impairment losses. Under the transition to FRS102 the past revalued amount is now the cost at the date of transition which was 1 January 2014.

Depreciation is recognised so as to write off the cost of assets less their residual values over their useful lives on the following bases:

Freehold land and buildings	5% straight line
Plant and machinery	10% to 33% straight line
Office equipment	10% to 20% straight line
Motor vehicles	at rates ranging from 7.14% to 33.3% straight line

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.

Freehold land is not depreciated.

#### 1.5 Impairment of fixed assets

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

# LANSTAR LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2019

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#### 1 Accounting policies

(Continued)

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

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

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

#### 1.6 Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the stocks to their present location and condition. Stocks consist of drums, IBC's, chemicals and fuel.

At each reporting date, an assessment is made for impairment. Any excess of the carrying amount of stocks over its estimated selling price less costs to complete and sell is recognised as an impairment loss in profit or loss. Reversals of impairment losses are also recognised in the profit or loss.

#### 1.7 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.

#### 1.8 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.

# LANSTAR LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

### 1 Accounting policies

(Continued)

#### **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, 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.

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.

#### **Derecognition of financial assets**

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

#### **Classification of financial liabilities**

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

#### **Basic financial liabilities**

Basic financial liabilities, including creditors, bank loans, loans from fellow group companies and preference shares that are classified as debt, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

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

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

# LANSTAR LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2019

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#### 1 Accounting policies

(Continued)

##### **Other financial liabilities**

Derivatives, including interest rate swaps and forward foreign exchange contracts, are not basic financial instruments. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in profit or loss in finance costs or finance income as appropriate, unless hedge accounting is applied and the hedge is a cash flow hedge.

Debt instruments that do not meet the conditions in FRS 102 paragraph 11.9 are subsequently measured at fair value through profit or loss. Debt instruments may be designated as being measured at fair value through profit or loss to eliminate or reduce an accounting mismatch or if the instruments are measured and their performance evaluated on a fair value basis in accordance with a documented risk management or investment strategy.

##### **Derecognition of financial liabilities**

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

#### 1.9 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.

Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recognised in profit or loss immediately, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk.

#### 1.10 Taxation

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

##### **Current tax**

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

##### **Deferred tax**

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

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the profit and loss account, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset when the company has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.



# LANSTAR LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2019

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#### 1 Accounting policies

(Continued)

##### 1.11 Provisions

Provisions are recognised when the company has a legal or constructive present obligation as a result of a past event, it is probable that the company will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting end date, taking into account the risks and uncertainties surrounding the obligation. Where the effect of the time value of money is material, the amount expected to be required to settle the obligation is recognised at present value. When a provision is measured at present value, the unwinding of the discount is recognised as a finance cost in profit or loss in the period in which it arises.

##### 1.12 Employee benefits

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

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

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

##### 1.13 Retirement benefits

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

##### 1.14 Leases

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.

#### 2 Judgements and key sources of estimation uncertainty

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities at the balance sheet date and the amounts reported for revenues and expenses during the year. However, the nature of estimation means that actual outcomes could differ from these estimates.

The directors consider there to be no significant material judgements or estimates in the financial statements.

##### Judgements

The following less significant judgements have had an effect on the amounts recognised in the financial statements.

##### *Operating lease commitments*

The company has entered into plant and equipment leases as a lessee. The classification of such leases as operating or finance lease requires the group to determine, based on an evaluation of the terms and conditions of the arrangements, whether it retains or acquires the significant risks and rewards of ownership of these assets and accordingly whether the lease requires an asset and liability to be recognised in the statement of financial position.

# LANSTAR LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

### 2 Judgements and key sources of estimation uncertainty

(Continued)

#### *Contingent liabilities*

On the 3 April 2017 the group suffered a fatal accident at its Cadishead site, with the death of an employee after a forklift truck incident. The site is owned by a subsidiary, Lanstar Limited and the individual affected was also an employee of the same subsidiary company. The group responded immediately to support the family of the employee and maintains appropriate insurance that is expected to provide full compensation in due course.

The coroner's inquest was held on 19 and 20 August 2019 and the conclusion by the jury was accidental death. The incident has been investigated by the HSE and we have co-operated fully with them. We have received notification from the HSE that they intend to bring legal proceedings in relation to the incident and we now await further details from them. Financial penalties may be incurred although no reliable estimates can be made at this stage.

#### *Key sources of estimation uncertainty*

The following less significant areas of estimation uncertainty have had an effect on the amounts recognised in the financial statements.

#### *Valuation of tax provisions and recognition of deferred tax assets*

The company establishes provisions based on reasonable estimates, for possible consequences of audits by the tax authority of the respective country in which it operates. The amount of such provisions is based on various factors, such as experiences with previous tax audits and differing interpretations of tax regulations by the taxable entity and the responsible tax authority. Management estimation is required to determine the amount of deferred tax assets that can be recognised, based upon likely timing and level of future taxable profits together with an assessment of the effect of future tax planning strategies. Further details are contained in note 6.

#### *Provisions for disposal of waste*

The group establishes provisions for disposal of waste based on reasonable estimates. The amount of such provisions is based on various factors such as volumes of waste, available external disposal outlets, external transport and disposal rates and landfill tax.

#### *Depreciation of assets*

The directors review the depreciation rates of the assets on an annual basis. Where the life of an asset is deemed to have a shorter or longer life than previously estimated based on the review performed in the year, the depreciation policy is updated and all assets in that category are then depreciated using the new rate from the date that the rate was revised.

### 3 Turnover and other revenue

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

Turnover analysed by activity	2019 £	2018 £
Waste management	15,983,053	13,293,340

# LANSTAR LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2019

#### 3 Turnover and other revenue

(Continued)

Turnover analysed by geographical market	2019 £	2018 £
United Kingdom	15,844,519	13,243,190
European Economic Area (EEA)	134,207	43,749
Rest of World	4,327	6,401
	<u>15,983,053</u>	<u>13,293,340</u>

#### 4 Operating profit

	2019 £	2018 £
Operating profit for the year is stated after charging/(crediting):		
Fees payable to the company's auditor for the audit of the company's financial statements	5,000	5,000
Depreciation of owned tangible fixed assets	231,780	277,424
Profit on disposal of tangible fixed assets	(3,000)	(1,721)
	<u></u>	<u></u>

#### 5 Employees

The average monthly number of persons employed by the company during the year was:

	2019 Number	2018 Number
Operational staff	39	34
Management & administrative staff	17	19
	<u>56</u>	<u>53</u>

Their aggregate remuneration comprised:

	2019 £	2018 £
Wages and salaries	1,677,003	1,599,811
Social security costs	171,511	156,417
Pension costs	212,621	201,197
	<u>2,061,135</u>	<u>1,957,425</u>

# LANSTAR LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

### 6 Taxation

	2019 £	2018 £
<b>Current tax</b>		
UK corporation tax on profits for the current period	514,408	532,932
Adjustments in respect of prior periods	(104,408)	(4,879)
Group tax relief	208,734	-
<b>Total current tax</b>	<b>618,734</b>	<b>528,053</b>
<b>Deferred tax</b>		
Origination and reversal of timing differences	9,360	3,662
Adjustment in respect of prior periods	4,398	-
<b>Total deferred tax</b>	<b>13,758</b>	<b>3,662</b>
<b>Total tax charge</b>	<b>632,492</b>	<b>531,715</b>

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

	2019 £	2018 £
Profit before taxation	3,829,315	2,767,860
Expected tax charge based on the standard rate of corporation tax in the UK of 19.00% (2018: 19.00%)	727,570	525,893
Tax effect of expenses that are not deductible in determining taxable profit	1	22
Depreciation on assets not qualifying for tax allowances	6,033	11,109
Under/(over) provided in prior years	(104,408)	(4,879)
Deferred tax adjustments in respect of prior years	4,398	-
Adjust deferred tax to average rate	(1,102)	(430)
<b>Taxation charge for the year</b>	<b>632,492</b>	<b>531,715</b>

The UK corporation tax rate of 19% (effective from 1 April 2017) was substantively enacted on 26 October 2015. A further reduction to 18% (effective 1 April 2020) was substantively enacted on 26 October 2015, and 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 accordingly. The deferred tax liability at 31 December has been calculated based on these rates.

# LANSTAR LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

### 7 Tangible fixed assets

	Freehold land and buildings £	Plant and machinery £	Office equipment £	Motor vehicles £	Total £
<b>Cost</b>					
At 1 January 2019	2,340,370	11,280,322	6,265	1,756,168	15,383,125
Additions	-	358,054	-	9,000	367,054
Disposals	-	-	-	(79,598)	(79,598)
Inter-Group Transfers	-	-	-	189,809	189,809
At 31 December 2019	2,340,370	11,638,376	6,265	1,875,379	15,860,390
<b>Depreciation and impairment</b>					
At 1 January 2019	1,434,245	9,771,936	5,855	1,747,121	12,959,157
Depreciation charged in the year	31,752	193,332	410	6,286	231,780
Eliminated in respect of disposals	-	-	-	(79,598)	(79,598)
Inter-Group Transfers	-	-	-	189,809	189,809
At 31 December 2019	1,465,997	9,965,268	6,265	1,863,618	13,301,148
<b>Carrying amount</b>					
At 31 December 2019	874,373	1,673,108	-	11,761	2,559,242
At 31 December 2018	906,125	1,508,386	410	9,047	2,423,968

The carrying value of land in land and buildings comprises:

	2019 £	2018 £
Freehold	504,411	504,411

### 8 Stocks

	2019 £	2018 £
Finished goods and goods for resale	67,644	41,943

Stocks recognised as an expense in the period were £385,779 (2018 - £371,292).

# LANSTAR LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

### 9 Debtors

	2019 £	2018 £
<b>Amounts falling due within one year:</b>		
Trade debtors	2,621,474	2,167,363
Amounts owed by group undertakings	21,401,570	18,276,331
Prepayments and accrued income	291,325	437,466
	<u>24,314,369</u>	<u>20,881,160</u>

The intercompany loan is repayable on demand and no interest is charged on the balance outstanding.

### 10 Creditors: amounts falling due within one year

	2019 £	2018 £
Trade creditors	237,648	559,061
Corporation tax	111,486	168,053
Accruals and deferred income	2,290,467	1,575,281
	<u>2,639,601</u>	<u>2,302,395</u>

### 11 Provisions for liabilities

	Notes	2019 £	2018 £
Legacy stock		221,895	173,855
Deferred tax liabilities	12	66,290	52,532
		<u>288,185</u>	<u>226,387</u>

Movements on provisions apart from deferred tax liabilities:

	Legacy stock £
At 1 January 2019	173,855
Additional provisions in the year	48,040
At 31 December 2019	<u>221,895</u>

Included within provisions at the year end was £221,895 (2018 - £173,855). This relates to amounts payable for the disposal of waste on site at the year end.

# LANSTAR LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2019

#### 12 Deferred taxation

Deferred tax assets and liabilities are offset where the company has a legally enforceable right to do so. The following is the analysis of the deferred tax balances (after offset) for financial reporting purposes:

	<b>Liabilities 2019 £</b>	<b>Liabilities 2018 £</b>
<b>Balances:</b>		
Accelerated capital allowances (ACAs)	67,608	53,850
Disallowable provisions	(1,318)	(1,318)
	<u>66,290</u>	<u>52,532</u>
<b>Movements in the year:</b>		<b>2019 £</b>
Liability at 1 January 2019		52,532
Charge to profit or loss		13,758
Liability at 31 December 2019		<u>66,290</u>

The deferred tax liability set out above is expected to reverse within 12 months and relates to accelerated capital allowances that are expected to mature within the same period.

#### 13 Retirement benefit schemes

	<b>2019 £</b>	<b>2018 £</b>
<b>Defined contribution schemes</b>		
Charge to profit or loss in respect of defined contribution schemes	<u>212,621</u>	<u>201,197</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.

At the year end there were no unpaid contributions (2018 - £nil).

#### 14 Share capital

	<b>2019 £</b>	<b>2018 £</b>
<b>Ordinary share capital</b>		
<b>Issued and fully paid</b>		
3,533,774 Ordinary of £1 each	<u>3,533,774</u>	<u>3,533,774</u>

# LANSTAR LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2019

#### 15 Financial commitments, guarantees and contingent liabilities

The company has entered into a joint agreement with other companies in the group whereby it has pledged all of its assets as security for the group's borrowing from HSBC. As at 31 December 2019 the group's borrowing from the bank was £2,223,701 (2018 - £nil). The directors do not expect this liability to crystallise in this company.

The company is registered with H M Revenue and Customs as a member of a group for VAT purposes and as a result is jointly and severally liable on a continuing basis for amounts owing by other members of that group in respect of unpaid VAT. The total value of VAT owed by the group at 31 December 2019 was £140,005 (2018 - £547,218).

On the 3 April 2017 the group suffered a fatal accident at its Cadishead site, with the death of an employee after a forklift truck incident. The site is owned by a subsidiary company, Lanstar Limited and the individual affected was also employed by the same subsidiary company. The group responded immediately to support the family of the employee and maintains appropriate insurance that is expected to provide full compensation in due course.

The coroner's inquest was held on 19 and 20 August 2019 and the conclusion by the jury was accidental death. The incident has been investigated by the HSE and we have co-operated fully with them. We have received notification from the HSE that they intend to bring legal proceedings in relation to the incident and we now await further details from them. Financial penalties may be incurred although no reliable estimates can be made at this stage.

#### 16 Operating lease commitments

Operating lease payments represent rentals payable by the company for plant & machinery. Leases are negotiated for an average term of 5 years and rentals are fixed for an average of 5 years.

At the reporting end date the company had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	2019 £	2018 £
Within one year	85,845	84,171
Between two and five years	148,784	136,859
	<u>234,629</u>	<u>221,030</u>

#### 17 Capital commitments

Amounts contracted for but not provided in the financial statements:

	2019 £	2018 £
Acquisition of tangible fixed assets	<u>251,828</u>	<u>-</u>



# LANSTAR LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2019

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#### 18 Related party transactions

##### Remuneration of key management personnel

Directors' remuneration is paid by the parent company, Cleansing Service Group Limited. The amount paid by the parent company in respect of the directors' services to Lanstar Limited totals £159,922 (2018 - £65,572).

##### Transactions with related parties

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

	Sales		Purchases	
	2019	2018	2019	2018
	£	£	£	£
Group companies	142,572	161,066	30,699	30,850

The above transactions were with Cleansing Service Group (Wilton) Limited, a fellow subsidiary company. All of these transactions took place on an arm's length basis and in the normal course of business.

#### 19 Ultimate controlling party

The company is a subsidiary undertaking of Cleansing Service Group Limited. Whilst there is no ultimate controlling party, control is held by one group of related individuals.

The largest and smallest group in which the results of the company are consolidated is that headed by Cleansing Service Group Limited, Chartwell House, 5 Barnes Wallis Road, Segensworth East, Fareham, Hampshire PO15 5TT. No other group financial statements include the results of the company.