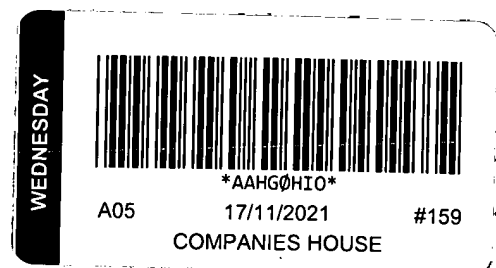


Company Registration No. 02318907 (England and Wales)

**LANSTAR LIMITED**  
**ANNUAL REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2020**



# LANSTAR LIMITED

## COMPANY INFORMATION

---

<b>Directors</b>	H Gould N Richards S Hicks J Cartmell K North	(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>	BDO LLP Arcadia House Maritime Walk - Ocean Village Southampton SO14 3TL	
<b>Business address</b>	Liverpool Road Cadishead Manchester Greater Manchester M44 5DT	

---

# LANSTAR LIMITED

## CONTENTS

---

	<b>Page</b>
Strategic report	1
Directors' report	2 - 3
Independent auditor report	4 - 7
Profit and loss account	8
Balance sheet	9
Statement of changes in equity	10
Notes to the financial statements	11 - 23

---

# LANSTAR LIMITED

## STRATEGIC REPORT

### FOR THE YEAR ENDED 31 DECEMBER 2020

---

The directors present the strategic report for the year ended 31 December 2020. Further details can be found in the accounts of the ultimate parent company, Cleansing Service Group Limited.

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

Turnover increase very slightly year on year which was a very positive result considering the impact of the Covid-19 pandemic on the UK Economy. An increase in the net profit for the year was enabled by a significant improvement in the margin due to efficiency measures offsetting increasing costs due to infrastructure improvements. Administrative expenses also increased by 8% due to increased staffing costs and insurance premiums.

On 3 April 2017 the company suffered a fatal accident at its Cadishead site, with the death of an employee after a forklift truck incident. The site is owned and operated by Lanstar Limited and the individual was employed by the same company. 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. The HSE charged Lanstar Limited in relation to the incident and Lanstar Limited pleaded guilty. This will therefore result in a financial penalty being issued, however due to delayed court hearings we are unable to reliably estimate the level of penalty at this stage and therefore no provision has been made.

#### **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 company has seen minimal impact from UK's exit from the European Union. The company exports both waste under TFS (trans-frontier shipments) arrangements and recycled aluminium into the EU and 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

22 October 2021

# LANSTAR LIMITED

## DIRECTORS' REPORT

### FOR THE YEAR ENDED 31 DECEMBER 2020

---

The directors present their annual report and financial statements for the year ended 31 December 2020.

#### 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

K North

(Appointed 1 July 2020)

#### Results and dividends

The results for the year are set out on page 8.

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 presented a significant risk to all businesses. The company operates in the waste management industry which has been deemed a key industry and so it has continued to trade throughout the lockdown periods. The company initially saw an impact on sales during the first lockdown period, this reduction was more significant in some areas of the group than others. The level of sales increased in the last quarter of 2020 and are back to pre-pandemic levels in 2021 and the directors are forecasting the group to make a profit in the 12 months from the date of approval of the financial statements. Improvements are being seen in business areas where the impact has been most significant and so the directors expect these businesses to turn a profit or at least break even in the next 12 months. The directors are reviewing the companies performance and cashflow on a regular basis and using these reviews to make decisions to minimise the potential impact on the group. Based on the 12 months forecast produced the directors believe that the company will have sufficient capacity in the existing bank facilities and has a good asset base for security if further funding were to be required.

# LANSTAR LIMITED

## DIRECTORS' REPORT (CONTINUED)

**FOR THE YEAR ENDED 31 DECEMBER 2020**

---

### **Auditor**

BDO LLP were appointed as auditor to the company and in accordance with section 485 of the Companies Act 2006, a resolution proposing that they be re-appointed will be put at a General Meeting.

### **Statement of directors' responsibilities**

The directors are responsible for preparing the strategic report, the annual report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements the group and company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law).

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

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

### **Statement 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**

22 October 2021

# LANSTAR LIMITED

## INDEPENDENT AUDITOR REPORT

### TO THE MEMBERS OF LANSTAR LIMITED

---

#### Opinion

In our opinion:

- the financial statements give a true and fair view of the state of the Company's affairs as at 31 December 2020 and of its profit for the year then ended;
- the financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements of Lanstar Limited for the year ended 31 December 2020 which comprise the Profit and Loss Account, the Balance Sheet, the Statement of Changes in Equity and the notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

#### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### *Independence*

We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

#### Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

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

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

#### Other Information

The directors are responsible for the other information. The other information comprises the information included in the annual report and financial statements other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

# **LANSTAR LIMITED**

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

---

### **Other Companies Act 2006 reporting**

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic report and Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic report and Directors' report have been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic report and Directors' report.

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

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

### **Responsibilities of directors**

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

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

### **Auditor responsibilities for the audit of the financial statements**

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

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



# LANSTAR LIMITED

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

---

*Extent to which the audit was capable of detecting irregularities, including fraud:*

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

Based on our understanding of the Company, we considered those laws and regulations that have a direct impact on the preparation of the financial statements such as the Companies Act 2006 and UK tax legislation. We evaluated management incentives and opportunities for fraudulent manipulation of the financial statements including management override, and considered that the principal risks were related to the posting of inappropriate journal entries, to improve the result before tax for the year.

We designed audit procedures to respond to the risk, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery, misrepresentations or through collusion.

Procedures performed by the audit team included:

- Discussions with management regarding consideration of known or suspected instances of non-compliance with laws and regulations and fraud;
- Challenging assumptions made by management in their significant accounting estimates in particular in relation to legal case accrual and assessing whether the judgements made in accounting entries are indicative of potential bias;
- Identifying and testing journal entries, in particular any manual journal entries to revenue or control accounts and journals posted by senior management;
- Reviewing senior management board meeting minutes for evidence of any fraud or non-compliance with laws and regulations;
- We also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

As in all of our audits we also addressed the risk of management override of internal controls, including testing journals and evaluating whether there was evidence of bias by the directors that represented a risk of material misstatement due to fraud.

Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery, misrepresentations or through collusion. There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we are to become aware of it.

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


# LANSTAR LIMITED

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

---

### Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in 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.

DocuSigned by:  
  
3A8E17E6EA7B437...

**Stephen Le Bas (Senior Statutory Auditor)**  
For and on behalf of BDO LLP, Statutory Auditor  
Southampton, UK

Date: 25 October 2021

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127)

# LANSTAR LIMITED

## PROFIT AND LOSS ACCOUNT

*FOR THE YEAR ENDED 31 DECEMBER 2020*

---

	Notes	2020 £	2019 £
Turnover	3	16,004,682	15,983,053
Cost of sales		(10,538,760)	(10,903,108)
<b>Gross profit</b>		<b>5,465,922</b>	<b>5,079,945</b>
Administrative expenses		(1,356,441)	(1,250,630)
<b>Profit before taxation</b>		<b>4,109,481</b>	<b>3,829,315</b>
Tax on profit	6	(806,299)	(632,492)
<b>Profit for the financial year</b>		<b>3,303,182</b>	<b>3,196,823</b>

---

There was no other comprehensive income for 2020 (2019 - nil).

# LANSTAR LIMITED

## BALANCE SHEET

AS AT 31 DECEMBER 2020

	Notes	2020 £	£	2019 £	£
<b>Fixed assets</b>					
Tangible assets	7	2,948,627		2,559,242	
<b>Current assets</b>					
Stocks	8	37,142		67,644	
Debtors	9	27,369,510		24,314,369	
Cash at bank and in hand		2,121		3,451	
		27,408,773		24,385,464	
<b>Creditors: amounts falling due within one year</b>	10	(2,740,783)		(2,639,601)	
<b>Net current assets</b>		24,667,990		21,745,863	
<b>Total assets less current liabilities</b>		27,616,617		24,305,105	
<b>Provisions for liabilities</b>					
Provisions	11	125,500		221,895	
Deferred tax liability	12	171,015		66,290	
		(296,515)		(288,185)	
<b>Net assets</b>		27,320,102		24,016,920	
<b>Capital and reserves</b>					
Called up share capital	14	3,533,774		3,533,774	
Profit and loss reserves		23,786,328		20,483,146	
<b>Total equity</b>		27,320,102		24,016,920	

The financial statements were approved by the board of directors and authorised for issue on 22 October 2021 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 2020

	Share capital £	Profit and loss reserves £	Total £
Balance at 1 January 2019	3,533,774	17,286,323	20,820,097
Year ended 31 December 2019:			
Profit and total comprehensive income for the year	-	3,196,823	3,196,823
Balance at 31 December 2019	3,533,774	20,483,146	24,016,920
Year ended 31 December 2020:			
Profit and total comprehensive income for the year	-	3,303,182	3,303,182
Balance at 31 December 2020	3,533,774	23,786,328	27,320,102

# LANSTAR LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

---

### 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 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, Hampshire, PO15 5TT.

#### 1.2 Going concern

The financial statements have been prepared on a going concern basis which assumes that the company will have sufficient funds available to enable it to continue to trade for the foreseeable future. In making their assessment that this assumption is correct the directors have undertaken an in depth review of the business, its current prospects, and cash resources as set out below.

The company has traded profitably in the year under review and ahead of forecast and post year end has continued to trade profitably and ahead of forecast. The directors have produced detailed forecasts for the company and also the wider Cleansing Service Group Limited group, covering the period to 31 December 2022.

These demonstrate that the group and company have sufficient facilities in place and a significant level of headroom for at least 12 months from the approval of the financial statements. Accordingly, the directors continue to adopt the going concern basis in preparing the financial statements.

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.

# LANSTAR LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

### 1 Accounting policies

(Continued)

#### 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.

#### 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.

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.

# LANSTAR LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

---

### 1 Accounting policies

(Continued)

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 and cash equivalents

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 2020

### 1 Accounting policies

(Continued)

#### ***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.

#### ***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.

### 1.10 Taxation

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

# LANSTAR LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

### 1 Accounting policies

(Continued)

#### **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.

#### **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 Foreign exchange**

Transactions in currencies other than pounds sterling are recorded at the rates of exchange prevailing at the dates of the transactions. At each reporting end date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the reporting end date. Gains and losses arising on translation in the period are included in profit or loss.

# LANSTAR LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

### 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.

#### **Critical judgements**

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

#### **Contingent liabilities**

On the 3 April 2017 the company suffered a fatal accident at its Cadishead site, with the death of an employee after a forklift truck incident. The site is owned by Lanstar Limited and the individual affected was also an employee by the same company.

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. The HSE charged Lanstar Limited in relation to the incident and Lanstar Limited has pleaded guilty. This will therefore result in a financial penalty being issued, however due to delayed court hearings we are unable to reliably estimate the level of penalty at this stage and therefore no provision has been made.

#### **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.

#### **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:

	2020 £	2019 £
<b>Turnover analysed by class of business</b>		
Waste management	16,004,682	15,983,053

# LANSTAR LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

### 3 Turnover and other revenue

(Continued)

	2020 £	2019 £
<b>Turnover analysed by geographical market</b>		
United Kingdom	15,932,921	15,844,519
European Economic Area (EEA)	71,024	134,207
Rest of World	737	4,327
	<u>16,004,682</u>	<u>15,983,053</u>

### 4 Operating profit

	2020 £	2019 £
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	11,500	5,000
Depreciation of owned tangible fixed assets	284,977	231,780
Profit on disposal of tangible fixed assets	(10,200)	(3,000)
	<u>286,277</u>	<u>233,780</u>

### 5 Employees

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

	2020 Number	2019 Number
Operational staff	38	39
Management & administrative staff	21	17
Total	<u>59</u>	<u>56</u>

Their aggregate remuneration comprised:

	2020 £	2019 £
Wages and salaries	1,847,959	1,677,003
Social security costs	183,672	171,511
Pension costs	228,931	212,621
	<u>2,260,562</u>	<u>2,061,135</u>

# LANSTAR LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

### 6 Taxation

	2020 £	2019 £
<b>Current tax</b>		
UK corporation tax on profits for the current period	645,897	514,408
Adjustments in respect of prior periods	(731)	(104,408)
Group tax relief	56,408	208,734
Total current tax	701,574	618,734
<b>Deferred tax</b>		
Origination and reversal of timing differences	104,071	9,360
Adjustment in respect of prior periods	654	4,398
Total deferred tax	104,725	13,758
Total tax charge	806,299	632,492

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:

	2020 £	2019 £
Profit before taxation	4,109,481	3,829,315
Expected tax charge based on the standard rate of corporation tax in the UK of 19.00% (2019: 19.00%)	780,801	727,570
Tax effect of expenses that are not deductible in determining taxable profit	-	1
Depreciation on assets not qualifying for tax allowances	17,876	6,033
Under/(over) provided in prior years	(731)	(104,408)
Deferred tax adjustments in respect of prior years	654	4,398
Remeasurement of deferred tax for changes in tax rates	7,876	(1,102)
Other tax adjustment, reliefs and transfers	(177)	-
Taxation charge for the year	806,299	632,492

At year end the UK corporation tax rate was 19% and the deferred tax liability has been calculated using this rate. On 3 March 2021 the government announced a 6% increase in the standard rate of corporation tax which is applicable in the financial year beginning 1 April 2023. Once enacted, this rate change will influence the measurement of the deferred tax liability.

# LANSTAR LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

### 7 Tangible fixed assets

	Freehold land and buildings £	Plant and machinery £	Office equipment £	Motor vehicles £	Total £
<b>Cost</b>					
At 1 January 2020	2,340,370	11,638,376	6,265	1,875,379	15,860,390
Additions	-	650,368	-	23,995	674,363
Disposals	-	-	-	(802,054)	(802,054)
Inter-Group transfers	-	-	-	80,167	80,167
At 31 December 2020	2,340,370	12,288,744	6,265	1,177,487	15,812,866
<b>Depreciation and impairment</b>					
At 1 January 2020	1,465,997	9,965,268	6,265	1,863,618	13,301,148
Depreciation charged in the year	29,766	246,855	-	8,357	284,978
Eliminated in respect of disposals	-	-	-	(802,054)	(802,054)
Inter-Group transfers	-	-	-	80,167	80,167
At 31 December 2020	1,495,763	10,212,123	6,265	1,150,088	12,864,239
<b>Carrying amount</b>					
At 31 December 2020	844,607	2,076,621	-	27,399	2,948,627
At 31 December 2019	874,373	1,673,108	-	11,761	2,559,242

The carrying value of land in land and buildings comprises:

	2020 £	2019 £
Freehold	504,411	504,411

### 8 Stocks

	2020 £	2019 £
Finished goods and goods for resale	37,142	67,644

# LANSTAR LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

### 9 Debtors

	2020 £	2019 £
<b>Amounts falling due within one year:</b>		
Trade debtors	2,834,317	2,621,474
Corporation tax recoverable	41,501	-
Amounts owed by group undertakings	24,301,205	21,401,570
Prepayments and accrued income	192,487	291,325
	<u>27,369,510</u>	<u>24,314,369</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

	2020 £	2019 £
Trade creditors	637,217	237,648
Corporation tax	-	111,486
Accruals and deferred income	2,103,566	2,290,467
	<u>2,740,783</u>	<u>2,639,601</u>

### 11 Provisions for liabilities

	2020 £	2019 £
Legacy stock	<u>125,500</u>	<u>221,895</u>

Movements on provisions:

	Legacy stock £
At 1 January 2020	221,895
Utilisation of provision	(96,395)
At 31 December 2020	<u>125,500</u>

Included within provisions at the year end was £125,500 (2019 - £221,895). 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 2020

### 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:

	Liabilities 2020 £	Liabilities 2019 £
<b>Balances:</b>		
Accelerated capital allowances (ACAs)	171,769	67,608
Short term timing differences	(754)	(1,318)
	<u>171,015</u>	<u>66,290</u>
<b>Movements in the year:</b>		<b>2020 £</b>
Liability at 1 January 2020		66,290
Charge to profit or loss		104,725
Liability at 31 December 2020		<u>171,015</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

	2020 £	2019 £
<b>Defined contribution schemes</b>		
Charge to profit or loss in respect of defined contribution schemes	<u>228,931</u>	<u>212,621</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 (2019 - £nil).

### 14 Share capital

	2020 Number	2019 Number	2020 £	2019 £
<b>Ordinary share capital</b>				
<b>Issued and fully paid</b>				
Ordinary of £1 each	<u>3,533,774</u>	<u>3,533,774</u>	<u>3,533,774</u>	<u>3,533,774</u>



# LANSTAR LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

### 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 2020 the group's borrowing from the bank was £nil (2019 - £2,223,701).

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 2020 was £2,958,372 (2019 - £140,005).

On the 3 April 2017 the company suffered a fatal accident at its Cadishead site, with the death of an employee after a forklift truck incident. The site is owned by Lanstar Limited and the individual affected was also employed by the same company.

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. The HSE charged Lanstar Limited in relation to the incident and Lanstar Limited has pleaded guilty. This will therefore result in a financial penalty being issued, however due to delayed court hearings we are unable to reliably estimate the level of penalty at this stage and therefore no provision has been made.

### 16 Operating lease commitments

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:

	2020 £	2019 £
Within one year	101,538	85,845
Between two and five years	203,475	148,784
	<u>305,013</u>	<u>234,629</u>

### 17 Capital commitments

Amounts contracted for but not provided in the financial statements:

	2020 £	2019 £
Acquisition of tangible fixed assets	<u>239,715</u>	<u>251,828</u>

### 18 Related party transactions

#### Transactions with related parties

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

# LANSTAR LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

### 18 Related party transactions

(Continued)

	Sales		Purchases	
	2020	2019	2020	2019
	£	£	£	£
Group companies	209,223	142,572	17,999	30,699

The above transactions were with Cleansing Service Group (Wilton) Limited, a less than 100% fellow subsidiary company. All of these transactions took place on an arm's length basis and in the normal course of business.

The company is a wholly owned subsidiary of Cleansing Service Group Limited has taken advantage of the exemptions conferred by FRS102 not to disclose transactions with its parent company or any other wholly owned subsidiaries.

### 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.