

NORFOLK ENVIRONMENTAL WASTE SERVICES LIMITED

UNAUDITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 29 MARCH 2020

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NORFOLK ENVIRONMENTAL WASTE SERVICES LIMITED

COMPANY INFORMATION

| | |
|--------------------------|---|
| DIRECTORS | F McDiarmid D T Wetteland A J Proctor |
| REGISTERED NUMBER | 02633546 |
| REGISTERED OFFICE | 280 Fifers Lane Norwich Norfolk NR6 6EQ |
| BANKERS | Barclays Bank plc 5/6 Red Lion Street Norwich Norfolk NR3 1QH |

NORFOLK ENVIRONMENTAL WASTE SERVICES LIMITED

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NORFOLK ENVIRONMENTAL WASTE SERVICES LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 29 MARCH 2020

The directors present their report and the financial statements for the year ended 29 March 2020.

For the purposes of these financial statements the term 'year' represents 364 days to 29 March 2020.

The financial statements are prepared to the closest Sunday to 31 March. This represents 52 weeks of trading to 29 March 2020 (2019 - 52 weeks of trading to 31 March 2019).

RESULTS

The profit for the financial year amounted to £814,748 (2019 - £224,817). The net assets of the company at the end of the year were £4,903,211 (2019 - £4,242,988).

DIVIDENDS

Directors have not proposed or paid any dividends during financial year (2019 - £Nil).

DIRECTORS

The directors who were in office during the year and up to the date of signing the financial statements were:

F McDiarmid
A D Jamieson (resigned 1 July 2019)
D T Wetteland
A J Proctor (appointed 13 August 2019)

QUALIFYING THIRD PARTY INDEMNITY INSURANCE

The company maintains liability insurance for its directors and officers. The directors and officers have also been granted a qualifying third party provision under section 234 of the Companies Act 2006 which is in force throughout the year and to the date of approval of the financial statements. Neither the company's indemnity nor insurance provides cover in the event that a director or officer is proved to have acted fraudulently or dishonestly.

SMALL COMPANIES EXEMPTION

In preparing this report, the directors have taken advantage of the small companies exemptions provided by section 415A of the Companies Act 2006.

This report was approved by the board and signed on its behalf by:



D T Wetteland
Director

Date: 03 February 2021

NORFOLK ENVIRONMENTAL WASTE SERVICES LIMITED

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 29 MARCH 2020**

| | Note | 2020 £ | 2019 £ |
|--|------|-----------------------|-----------------------|
| Revenue | 4 | 1,986,238 | 1,386,587 |
| Cost of sales | | <u>(1,341,144)</u> | <u>(914,196)</u> |
| GROSS PROFIT | | 645,094 | 472,391 |
| Administrative expenses | | <u>396,351</u> | <u>(23,086)</u> |
| OPERATING PROFIT | 5 | 1,041,445 | 449,305 |
| Interest payable and similar expenses | 8 | <u>(137,502)</u> | <u>(135,367)</u> |
| PROFIT BEFORE TAX | | 903,943 | 313,938 |
| Tax on profit | 9 | <u>(89,195)</u> | <u>(89,121)</u> |
| PROFIT FOR THE FINANCIAL YEAR | | <u>814,748</u> | <u>224,817</u> |
| TOTAL COMPREHENSIVE INCOME FOR THE YEAR | | <u>814,748</u> | <u>224,817</u> |

There were no recognised gains and losses for 2020 or 2019 other than those included in the statement of comprehensive income.

The notes on pages 6 to 28 form part of these financial statements.

NORFOLK ENVIRONMENTAL WASTE SERVICES LIMITED
REGISTERED NUMBER: 02633546

STATEMENT OF FINANCIAL POSITION
AS AT 29 MARCH 2020

| | Note | 29 March 2020 £ | 31 March 2019 £ |
|--|------|-----------------------|-----------------------|
| FIXED ASSETS | | | |
| Property, plant and equipment | 10 | 10,336,473 | 10,201,721 |
| Investments | 11 | 1 | 1 |
| | | <u>10,336,474</u> | <u>10,201,722</u> |
| CURRENT ASSETS | | | |
| Fixed assets held for sale | | - | 743,275 |
| Trade and other receivables | 12 | 1,666,756 | 644,119 |
| Cash and cash equivalents | | 7,641 | 7,641 |
| | | <u>1,674,397</u> | <u>1,395,035</u> |
| Trade and other payables: amounts falling due within one year | 13 | (4,450,354) | (2,710,381) |
| NET CURRENT LIABILITIES | | <u>(2,775,957)</u> | <u>(1,315,346)</u> |
| TOTAL ASSETS LESS CURRENT LIABILITIES | | <u>7,560,517</u> | <u>8,886,376</u> |
| Trade and other payables: amounts falling due after more than one year | 14 | (1,962,487) | (3,865,453) |
| | | <u>5,598,030</u> | <u>5,020,923</u> |
| PROVISIONS FOR LIABILITIES | | | |
| Deferred taxation | 16 | (694,819) | (777,935) |
| | | <u>(694,819)</u> | <u>(777,935)</u> |
| NET ASSETS | | <u>4,903,211</u> | <u>4,242,988</u> |
| CAPITAL AND RESERVES | | | |
| Called up share capital | 17 | 3,171,144 | 3,171,144 |
| Profit and loss account | 18 | 1,732,067 | 1,071,844 |
| TOTAL EQUITY | | <u>4,903,211</u> | <u>4,242,988</u> |

NORFOLK ENVIRONMENTAL WASTE SERVICES LIMITED
REGISTERED NUMBER: 02633546

STATEMENT OF FINANCIAL POSITION (CONTINUED)
AS AT 29 MARCH 2020

The members have not required the company to obtain an audit for the year in question in accordance with section 476 of the Companies Act 2006.

For the year ending 29 March 2020, the company was entitled to exemption from audit under section 479A of the Companies Act 2006 relating to subsidiary companies.

The directors acknowledge their responsibilities for complying with the requirements of the Companies Act 2006 with respect to accounting records and the preparation of financial statements.

The company's financial statements on pages 2 to 28 have been prepared in accordance with the provisions applicable to entities subject to the small companies regime.

The financial statements on pages 2 to 28 were approved and authorised for issue by the board and were signed on its behalf by:



D T Wetteland

Director

Date: 03 February 2021

The notes on pages 6 to 28 form part of these financial statements.

NORFOLK ENVIRONMENTAL WASTE SERVICES LIMITED

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 29 MARCH 2020**

| | Called up share capital £ | Profit and loss account £ | Total equity £ |
|---|---------------------------------|---------------------------------|-------------------------|
| At 1 April 2019 | 3,171,144 | 1,071,844 | 4,242,988 |
| Effect of adoption of IFRS 16: 'Leases' (note 22) | - | (154,525) | (154,525) |
| At 1 April 2019 (as restated) | <u>3,171,144</u> | <u>917,319</u> | <u>4,088,463</u> |
| COMPREHENSIVE INCOME FOR THE YEAR | | | |
| Profit for the financial year | - | 814,748 | 814,748 |
| AT 29 MARCH 2020 | <u><u>3,171,144</u></u> | <u><u>1,732,067</u></u> | <u><u>4,903,211</u></u> |

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2019**

| | Called up share capital £ | Profit and loss account £ | Total equity £ |
|--|---------------------------------|---------------------------------|-------------------------|
| At 2 April 2018 | 3,171,144 | 847,027 | 4,018,171 |
| COMPREHENSIVE INCOME FOR THE YEAR | | | |
| Profit for the financial year | - | 224,817 | 224,817 |
| AT 31 MARCH 2019 | <u><u>3,171,144</u></u> | <u><u>1,071,844</u></u> | <u><u>4,242,988</u></u> |

The notes on pages 6 to 28 form part of these financial statements.

NORFOLK ENVIRONMENTAL WASTE SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 29 MARCH 2020

1. GENERAL INFORMATION

The company is a private limited company, limited by shares, incorporated and domiciled in England and registered at 280 Fifers Lane, Norwich, Norfolk, NR6 6EQ. The reporting period is from 1 April 2019 to 29 March 2020.

The company's principal activity is the rental of assets to a fellow group subsidiary.

2. ACCOUNTING POLICIES

2.1 BASIS OF PREPARATION OF FINANCIAL STATEMENTS

The financial statements have been prepared in accordance with Financial Reporting Standards 101, 'Reduced Disclosure Framework' (FRS 101). The financial statements have been prepared under the historical cost convention and in accordance with the Companies Act 2006.

The preparation of financial statements in conformity with FRS 101 requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 3.

The presentational currency is British Pounds Sterling (£).

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented unless otherwise stated.

NORFOLK ENVIRONMENTAL WASTE SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 29 MARCH 2020

2. ACCOUNTING POLICIES (CONTINUED)

2.2 FINANCIAL REPORTING STANDARD 101 - REDUCED DISCLOSURE EXEMPTIONS

The company has taken advantage of the following disclosure exemptions under FRS 101:

- the requirements of IFRS 7 Financial Instruments: Disclosures
- the requirements of paragraphs 91-99 of IFRS 13 Fair Value Measurement
- the requirements of the second sentence of paragraph 110 and paragraphs 113(a), 114, 115, 118, 119(a) to (c), 120 to 127 and 129 of IFRS 15 Revenue from Contracts with Customers
- the requirements of paragraph 52, the second sentence of paragraph 89, and paragraphs 90, 91 and 93 of IFRS 16 Leases. The requirements of paragraph 58 of IFRS 16, provided that the disclosure of details in indebtedness relating to amounts payable after 5 years required by company law is presented separately for lease liabilities and other liabilities, and in total
- the requirement in paragraph 38 of IAS 1 'Presentation of Financial Statements' to present comparative information in respect of:
 - paragraph 79(a)(iv) of IAS 1;
 - paragraph 73(e) of IAS 16 Property, Plant and Equipment;
 - paragraph 118(e) of IAS 38 Intangible Assets;
- the requirements of paragraphs 10(d), 10(f), 16, 38A, 38B, 38C, 38D, 40A, 40B, 40C, 40D, 111 and 134-136 of IAS 1 Presentation of Financial Statements
- the requirements of IAS 7 Statement of Cash Flows
- the requirements of paragraphs 30 and 31 of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors
- the requirements of paragraph 17 and 18A of IAS 24 Related Party Disclosures
- the requirements in IAS 24 Related Party Disclosures to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member

2.3 IMPACT OF NEW INTERNATIONAL REPORTING STANDARDS, AMENDMENTS AND INTERPRETATIONS

IFRS 16

IFRS 16, 'Leases', is a new accounting standard that is effective for the year ended 29 March 2020. Further information on the impact of this new accounting standard is disclosed in Note 22. There are no other new accounting standards, or amendments to accounting standards, or IFRIC interpretations that are effective for the year ended 29 March 2020 that have had a material impact on the company's financial statements.

2.4 GOING CONCERN

The directors believe that the company has adequate resources and will have available to it sufficient future funding to enable it to continue in operational existence for the foreseeable future. Accordingly, it remains appropriate to prepare the financial statements on a going concern basis.

NORFOLK ENVIRONMENTAL WASTE SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 29 MARCH 2020

2. ACCOUNTING POLICIES (CONTINUED)

2.5 REVENUE

Revenue is measured based on the consideration specified in a contract with a customer and excludes amounts collected on behalf of third parties.

The company does not expect to have any contracts where the period between the transfer of the promised goods or services to the customer and payment by the customer exceeds one year. As a consequence, the company does not adjust any of the transaction prices for the time value of money.

Revenue is recognised either when the performance obligation in the contract/agreement has been performed ('point in time' recognition) or 'over time' as control of the performance obligation is transferred to the customer. Where contracts/agreements include multiple performance obligations, the transaction price will be allocated to each performance obligation based on the stand alone selling prices. Where these are not directly observable, they are estimated based on expected cost plus margin. For service contracts/agreements including a goods element, revenue for the separate good is recognised at a point in time when the good is delivered, the legal title has passed and the customer has accepted the good.

2.6 LEASES

The company has changed its accounting policy for leases where the group is the lessee. The impact of the change is shown in Note 22.

Until the 2020 financial year, leases of property, plant and equipment were classified as either finance leases or operating leases. From 1 April 2019, leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the company.

The company leases a variety of property, vehicles and equipment. Rental contracts are typically made for fixed periods of 18 months to 25 years but may have extension options.

The company as a lessee

The company assesses whether a contract is or contains a lease, at inception of a contract. The company recognises a right-of-use asset and a corresponding lease liability with respect to all lease agreements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets (total lease payments of less than £5,000). For these leases, the company recognises the lease payments as an operating expense, in the profit and loss, on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

Contracts may contain both lease and non-lease components. The company allocates the consideration in the contract to the lease and non-lease components based on their relative stand alone prices. However, for leases of real estate for which the group is a lessee, it has elected not to separate lease and non-lease components and instead accounts for these as a single lease component.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be

NORFOLK ENVIRONMENTAL WASTE SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 29 MARCH 2020

2. ACCOUNTING POLICIES (CONTINUED)

2.6 LEASES (continued)

readily determined, which is generally the case for leases in this company, the company uses its incremental borrowing rate.

This being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right of use asset in a similar economic environment with similar terms, security and conditions.

To determine the incremental borrowing rate, the company:

- where possible, uses relevant third party financing received by the individual lessee as a starting point, adjusted to reflect changes in financing conditions since third party financing was received;
- makes adjustments specific to the lease, for example term, country, currency and security.

Lease payments included in the measurement of the lease liability comprise:

- fixed lease payments (including in-substance fixed payments), less any lease incentives;
- variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- the amount expected to be payable by the lessee under residual value guarantees;
- the exercise price of purchase options, if the lessee is reasonably certain to exercise the options; and
- payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.

The lease liability is included in Payables on the Statement of financial position.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

Lease payments are allocated between principal and finance cost. The finance cost is charged to the statement of comprehensive income on a sum of the digits method.

The company remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:

- a lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.

The company did not make any such adjustments during the periods presented.

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses.

NORFOLK ENVIRONMENTAL WASTE SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 29 MARCH 2020

2. ACCOUNTING POLICIES (CONTINUED)

2.6 LEASES (continued)

Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the company expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease.

The right-of-use assets are included in Intangible assets, Property, plant and equipment and Investment property, as applicable, in the Statement of financial position.

Variable rents that do not depend on an index or rate are not included in the measurement the lease liability and the right-of-use asset. The related payments are recognised as an expense in the period in which the event or condition that triggers those payments occurs and are included in profit or loss.

As a practical expedient, IFRS 16 permits a lessee not to separate non-lease components, and instead account for any lease and associated non-lease components as a single arrangement. The company has used this practical expedient.

Given the existence of a substantive right to substitute the assets throughout the period of the arrangement, the Company considers that there are no identifiable assets within its inter-company rental arrangements and as such the arrangements falls outside the scope of IFRS 16 'Leases'. The assets are included within the fixed asset balance of Norse Commercial Services Limited.

Restrictions or covenants imposed by leases

Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. These lease agreements do not impose any covenant other than the security interests in the leased assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes.

2.7 PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

The company adds to the carrying amount of an item of fixed assets the cost of replacing part of such an item when that cost is incurred, if the replacement part is expected to provide incremental future benefits to the company. The carrying amount of the replaced part is derecognised. Repairs and maintenance are charged to profit or loss during the period in which they are incurred.

NORFOLK ENVIRONMENTAL WASTE SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 29 MARCH 2020

2. ACCOUNTING POLICIES (CONTINUED)

2.7 PROPERTY, PLANT AND EQUIPMENT (continued)

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following basis:

| | |
|---------------------|---|
| Freehold property | - Other than freehold landfill sites (50 years), land is not depreciated |
| Leasehold property | - 50 years |
| Plant and machinery | - 3 - 15 years |
| Right of use assets | - Straight line over the length of the lease |

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in profit or loss.

2.8 OPERATING LEASES: THE COMPANY AS LESSOR

Rentals income from operating leases is credited to the statement of comprehensive income on a straight line basis over the term of the relevant lease.

Amounts paid and payable as an incentive to sign an operating lease are recognised as a reduction to income over the lease term on a straight line basis, unless another systematic basis is representative of the time pattern over which the lessor's benefit from the leased asset is diminished.

2.9 INVESTMENTS

Investments in subsidiaries are measured at cost less accumulated impairment.

NORFOLK ENVIRONMENTAL WASTE SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 29 MARCH 2020

2. ACCOUNTING POLICIES (CONTINUED)

2.10 TRADE AND OTHER RECEIVABLES

Trade receivables are amounts due from customers for merchandise sold or services performed in the ordinary course of business.

Trade receivables are recognised initially at the amount of consideration that is unconditional, unless they contain significant financing components, when they are recognised at fair value. The company holds the trade receivables with the objective of collecting the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest method.

The company applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables and contract assets.

To measure the expected credit losses, trade receivables and contract assets are grouped based on shared credit risk characteristics and the days past due. The contract assets relate to unbilled work in progress and have substantially the same risk characteristics as the trade receivables for the same types of contracts. The company has therefore concluded that the expected loss rates for trade receivables are a reasonable approximation of the loss rates for the contract assets.

2.11 CASH AND CASH EQUIVALENTS

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

2.12 FINANCIAL INSTRUMENTS

The company recognises financial instruments when it becomes a party to the contractual arrangements of the instrument. Financial instruments are de-recognised when they are discharged or when the contractual terms expire. The company's accounting policies in respect of financial instruments transactions are explained below:

Financial assets and financial liabilities are initially measured at fair value.

Financial assets

All recognised financial assets are subsequently measured in their entirety at either fair value or amortised cost, depending on the classification of the financial assets.

Fair value through profit or loss

All of the company's financial assets are subsequently measured at fair value at the end of each reporting period, with any fair value gains or losses being recognised in profit or loss to the extent they are not part of a designated hedging relationship. The net gain or loss recognised in profit or loss includes any dividend or interest earned on the financial asset.

Impairment of financial assets

The company always recognises lifetime expected credit losses ("ECL") for trade receivables and

NORFOLK ENVIRONMENTAL WASTE SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 29 MARCH 2020

2. ACCOUNTING POLICIES (CONTINUED)

2.12 FINANCIAL INSTRUMENTS (continued)

amounts due on contracts with customers. The expected credit losses on these financial assets are estimated based on the company's historical credit loss experience, adjusted for factors that are specific to the receivables, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate. Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument.

Financial liabilities

Fair value through profit or loss

Financial liabilities are classified as at fair value through profit or loss, when the financial liability is held for trading, or is designated as at fair value through profit or loss. This designation may be made if such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise, or the financial liability forms part of a group of financial instruments which is managed and its performance is evaluated on a fair value basis, or the financial liability forms part of a contract containing one or more embedded derivatives, and IFRS 9 permits the entire combined contract to be designated as at fair value through profit or loss. Any gains or losses arising on changes in fair value are recognised in profit or loss to the extent that they are not part of a designated hedging relationship.

At amortised cost

Financial liabilities which are neither contingent consideration of an acquirer in a business combination, held for trading, nor designated as at fair value through profit or loss are subsequently measured at amortised cost using the effective interest method. This is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or where appropriate a shorter period, to the amortised cost of a financial liability.

2.13 TRADE AND OTHER PAYABLES

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers.

Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

Trade payables are presented as amounts falling due within one year unless payment is not due within 12 months after the reporting date.

NORFOLK ENVIRONMENTAL WASTE SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 29 MARCH 2020

2. ACCOUNTING POLICIES (CONTINUED)

2.14 FINANCE COSTS

Finance costs are charged to the statement of comprehensive income over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

2.15 PROVISIONS FOR LIABILITIES

Provisions are made where an event has taken place that gives the company a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to profit or loss in the year that the company becomes aware of the obligation, and are measured at the best estimate at the Statement of financial position date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Statement of financial position.

2.16 CURRENT AND DEFERRED TAX

The tax expense for the year comprises current and deferred tax. Tax is recognised in profit or loss except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the company operates and generates income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Statement of financial position date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

NORFOLK ENVIRONMENTAL WASTE SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 29 MARCH 2020

3. JUDGMENTS IN APPLYING ACCOUNTING POLICIES AND KEY SOURCES OF ESTIMATION UNCERTAINTY

To be able to prepare financial statements according to FRS 101, management must make estimates and assumptions that affect the asset and liability items and revenue and expense amounts recorded in the financial statements. These estimates are based on historical experience and various other assumptions that management and the Board of directors believe are reasonable under the circumstances. The results of this form the basis for making judgements about the carrying value of assets and liabilities that are not readily available from other sources.

The actual results are likely to differ from the judgements, estimates and assumptions made by management, and will seldom equal the estimated results.

Information about the significant judgements, estimates and assumptions that have the most significant effect on the recognition and measurement of assets, liabilities, income and expenses are discussed below.

Critical judgements

Lease accounting

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated).

Critical estimates

Deferred tax assets

The assessment of the probability of future taxable income in which deferred tax assets can be utilised is based on the company's latest approved budget forecast, which is adjusted for significant non-taxable income and expenses and specific limits to the use of any unused tax loss or credit. If a positive forecast of taxable income indicates the probable use of a deferred tax asset, especially when it can be utilised without a time limit, that deferred tax asset is usually recognised in full. The recognition of deferred tax assets that are subject to certain legal or economic limits or uncertainties is assessed individually by management based on the specific facts and circumstances.

Depreciation

The depreciation charge is derived from an estimate of an asset's expected useful life and the expected residual value at the end of its life. The useful lives and residual values of the assets are determined by management at the time the asset is acquired using historical experience of similar assets. These are reviewed annually.

Lease accounting

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the company, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right of use asset in a similar economic environment with similar terms, security and conditions.

To determine the incremental borrowing rate, the company, where possible, uses recent third-party financing received by the individual lessee as a starting point, adjusted to reflect changes in financing conditions since third party financing was received and makes adjustments specific to the lease, for example term, country, currency and security.

NORFOLK ENVIRONMENTAL WASTE SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 29 MARCH 2020

4. REVENUE

The whole of the revenue is attributable the rental of assets to another group subsidiary.

All revenue arose within the United Kingdom.

5. OPERATING PROFIT

The operating profit is stated after charging:

| | 2020 £ | 2019 £ |
|---|-------------------|-------------------|
| Depreciation of property, plant and equipment | 321,259 | 336,846 |
| Profit on disposal of asset held for sale | (445,325) | - |
| Profit on disposal of property, plant and equipment | (27,077) | - |
| Operating lease payments | - | 57,595 |
| Audit fees payable to the company's auditors | - | 5,400 |
| | <u> </u> | <u> </u> |

6. EMPLOYEES

The company has no employees (2019 - *nil*) other than the directors, who did not receive any remuneration (2019 - *ENIL*).

7. DIRECTORS' REMUNERATION

During the year, the directors did not receive any emoluments from the company (2019: *ENil*). This includes three directors who received no remuneration for services provided to the company and one director who was paid by Norse Commercial Services Limited with no recharge.

8. INTEREST PAYABLE AND SIMILAR EXPENSES

| | 2020 £ | 2019 £ |
|-------------------------------|----------------|----------------|
| Interest payable | 107,712 | 135,367 |
| Interest on lease liabilities | 29,790 | - |
| | <u>137,502</u> | <u>135,367</u> |

NORFOLK ENVIRONMENTAL WASTE SERVICES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 29 MARCH 2020**

9. TAX ON PROFIT

| | 2020 £ | 2019 £ |
|--|-----------------|---------------|
| CURRENT TAX | | |
| UK Corporation tax on profits for the year | 142,784 | 65,676 |
| Adjustments in respect of prior periods | (2,123) | 23,085 |
| TOTAL CURRENT TAX | <u>140,661</u> | <u>88,761</u> |
| DEFERRED TAX | | |
| Origination and reversal of timing differences | 10,984 | 3,173 |
| Adjustments in respect of prior periods | (150,248) | (2,813) |
| Effect of tax rate change on opening balance | 87,798 | - |
| TOTAL DEFERRED TAX | <u>(51,466)</u> | <u>360</u> |
| TAX ON PROFIT | <u>89,195</u> | <u>89,121</u> |

FACTORS AFFECTING TAX CHARGE FOR THE YEAR

The tax assessed for the year is lower than (2019 - *higher than*) the standard rate of corporation tax in the UK for the year ended 29 March 2020 of 19% (2019 - 19%). The differences are explained below:

| | 2020 £ | 2019 £ |
|--|----------------|----------------|
| Profit before tax | <u>903,943</u> | <u>313,938</u> |
| Profit before tax multiplied by standard rate of corporation tax in the UK of 19% (2018 - 19%) | 171,749 | 59,648 |
| EFFECTS OF: | | |
| Expenses not deductible for tax purposes | 16,867 | 9,201 |
| Income not taxable for tax purposes | (34,848) | - |
| Adjustments in respect of prior periods | (152,371) | 20,272 |
| Effect of tax rate change on opening balance | 87,798 | - |
| TOTAL TAX CHARGE FOR THE YEAR | <u>89,195</u> | <u>89,121</u> |

NORFOLK ENVIRONMENTAL WASTE SERVICES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 29 MARCH 2020**

9. TAX ON PROFIT (CONTINUED)

FACTORS THAT MAY AFFECT FUTURE TAX CHARGES

Changes to the UK corporation tax rates were substantively enacted on 17 March 2020 under a UK Budget resolution which has statutory effect under the provisions of the Provisional Collection of Taxes Act 1968. This resolution cancelled the previously enacted reduction to 17%, such that the UK corporation tax main rate applicable from 1 April 2020 remains at 19%. Deferred taxes at the balance sheet date have been measured using these enacted tax rates and reflected in these financial statements..

10. PROPERTY, PLANT AND EQUIPMENT

| | Freehold property £ | Leasehold property £ | Plant and machinery £ | Right of use assets £ | Total £ |
|--|---------------------------|----------------------------|-----------------------------|-----------------------------|------------|
| COST | | | | | |
| At 1 April 2019 | 6,333,025 | 6,648,119 | 4,356,473 | - | 17,337,617 |
| Effect of adoption of IFRS 16: Leases | - | - | - | 458,934 | 458,934 |
| At 1 April 2019 (as restated) | 6,333,025 | 6,648,119 | 4,356,473 | 458,934 | 17,796,551 |
| Disposals | - | - | (118,000) | - | (118,000) |
| At 29 March 2020 | 6,333,025 | 6,648,119 | 4,238,473 | 458,934 | 17,678,551 |
| ACCUMULATED DEPRECIATION | | | | | |
| At 1 April 2019 | 1,878,059 | 1,269,615 | 3,988,222 | - | 7,135,896 |
| Charge for the year on owned assets | 81,154 | 127,265 | 83,294 | - | 291,713 |
| Charge for the year on right- of-use assets | - | - | - | 29,546 | 29,546 |
| Disposals | - | - | (115,077) | - | (115,077) |
| At 29 March 2020 | 1,959,213 | 1,396,880 | 3,956,439 | 29,546 | 7,342,078 |
| NET BOOK AMOUNT | | | | | |
| At 29 March 2020 | 4,373,812 | 5,251,239 | 282,034 | 429,388 | 10,336,473 |
| At 31 March 2019 | 4,454,966 | 5,378,504 | 368,251 | - | 10,201,721 |

NORFOLK ENVIRONMENTAL WASTE SERVICES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 29 MARCH 2020**

10. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

The net book amount of land and buildings may be further analysed as follows:

| | 29 March 2020 £ | <i>31 March 2019 £</i> |
|-----------------|--------------------------------|--------------------------------|
| Freehold | 4,373,812 | 4,454,966 |
| Short leasehold | 5,251,239 | 5,378,504 |
| | <u>9,625,051</u> | <u>9,833,470</u> |

The net book amount of owned and leased assets included as Property, plant and equipment in the Statement of financial position is as follows:

| | 29 March 2020 £ |
|------------------------------------|--------------------------------|
| Tangible fixed assets owned | 9,907,085 |
| Right-of-use tangible fixed assets | 429,388 |
| | <u>10,336,473</u> |

Information about right-of-use assets is summarised below:

Net book amount

| | 29 March 2020 £ |
|----------|--------------------------------|
| Property | 429,388 |
| | <u>429,388</u> |

Depreciation charge for the year ended

| | 29 March 2020 £ |
|----------|--------------------------------|
| Property | (29,546) |
| | <u>(29,546)</u> |

NORFOLK ENVIRONMENTAL WASTE SERVICES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 29 MARCH 2020**

11. INVESTMENTS

| | Investments in subsidiary companies £ |
|---------------------------------|--|
| COST AND NET BOOK AMOUNT | |
| At 1 April 2019 | 1 |
| At 29 March 2020 | 1 |

SUBSIDIARY UNDERTAKING

The following was a subsidiary undertaking of the company:

| Name | Class of shares | Holding |
|-----------------|--------------------------|---------|
| Addfill Limited | Ordinary & Preference | 100% |

Addfill Limited is incorporation and domiciled in the United Kingdom and the registered office is 280 Fifers Lane, Norwich, Norfolk, NR6 6EQ. Addfill Limited remains dormant throughout the year.

NORFOLK ENVIRONMENTAL WASTE SERVICES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 29 MARCH 2020**

12. TRADE AND OTHER RECEIVABLES

| | 29 March 2020 £ | 31 March 2019 £ |
|------------------------------------|-----------------------|-----------------------|
| Trade receivables | 36,546 | 13,561 |
| Amounts owed by group undertakings | 1,628,223 | 630,558 |
| Prepayments and accrued income | 1,987 | - |
| | <u>1,666,756</u> | <u>644,119</u> |

Amounts owed by group undertakings are unsecured, interest free, have no fixed date of repayment and are repayable on demand.

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

13. TRADE AND OTHER PAYABLES: AMOUNTS FALLING DUE WITHIN ONE YEAR

| | 29 March 2020 £ | 31 March 2019 £ |
|------------------------------------|-----------------------|-----------------------|
| Trade payables | 90 | 222 |
| Amounts owed to group undertakings | 4,251,458 | 2,610,992 |
| Corporation tax | 142,784 | 65,676 |
| Lease liabilities | 27,960 | - |
| Accruals and deferred income | 28,062 | 33,491 |
| | <u>4,450,354</u> | <u>2,710,381</u> |

Amounts owed to group undertakings, other than the secured loan, are unsecured, interest free, have no fixed date of repayment and are repayable on demand.

14. TRADE AND OTHER PAYABLES: AMOUNTS DUE AFTER MORE THAN ONE YEAR

| | 29 March 2020 £ | 31 March 2019 £ |
|------------------------------------|-----------------------|-----------------------|
| Lease liabilities | 581,726 | - |
| Amounts owed to group undertakings | 673,093 | 3,139,905 |
| Accruals and deferred income | 707,668 | 725,548 |
| | <u>1,962,487</u> | <u>3,865,453</u> |

NORFOLK ENVIRONMENTAL WASTE SERVICES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 29 MARCH 2020**

15. LEASES

Company as a lessee

The total cash outflow for leases during the year ended 29 March 2020 was £67,200.

Lease liabilities are due as follows:

| | 2020 £ |
|---------------------------------|----------------|
| Not later than one year | 27,960 |
| Between one year and five years | 581,726 |
| | <u>609,686</u> |

The following amounts in respect of leases, where the company is a lessee, have been recognised in profit or loss:

| | 2020 £ |
|---------------------------------------|---------------|
| Interest expense on lease liabilities | <u>29,790</u> |

NORFOLK ENVIRONMENTAL WASTE SERVICES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 29 MARCH 2020**

16. DEFERRED TAXATION

The movement in the deferred tax liability during the year was:

| | 29 March 2020 £ | 31 March 2019 £ |
|--------------------------------------|--------------------------------|--------------------------------|
| At beginning of year | (777,935) | (777,575) |
| Credited/(charged) to profit or loss | 51,466 | (360) |
| Credited to equity | 31,650 | - |
| At end of year | (694,819) | (777,935) |

Deferred tax is provided for at 19% (2019 - 17%) in the financial statements and consists of the following:

| | 29 March 2020 £ | 31 March 2019 £ |
|---|--------------------------------|--------------------------------|
| Differences between capital allowances and depreciation | (730,193) | (777,935) |
| Other timing differences | 35,374 | - |

17. CALLED UP SHARE CAPITAL

| | 29 March 2020 £ | 31 March 2019 £ |
|--|--------------------------------|--------------------------------|
| Allotted, called up and fully paid | | |
| 3,171,144 (2019 - 3,171,144) Ordinary shares of £1.00 each | 3,171,144 | 3,171,144 |

18. PROFIT AND LOSS ACCOUNT

Includes all current and prior year retained profits and losses.

NORFOLK ENVIRONMENTAL WASTE SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 29 MARCH 2020

19. CONTINGENT LIABILITIES

The company is part of the Norse Commercial Services group VAT registration and as such is jointly and severally liable for the VAT liability of the entire group. The group liability at the year end was £8,374,583 (2019: £3,384,525).

During the year, a cross guarantee in favour of Barclays Bank plc was put in place between Norfolk Environmental Waste Services Limited and the following group companies: Devon Norse Limited, Enfield Norse Limited, Great Yarmouth Norse Limited, GYB Services Limited, Medway Norse Limited, Medway Norse Transport, Newport Norse Limited, Eventguard Limited, Norse Commercial Services Limited, Norse Eastern Limited, Norse Transport, Suffolk Coastal Norse Limited, Suffolk Norse Limited, Suffolk Norse Transport, Wellingborough Norse Limited, Waveney Norse Limited, Daventry Norse Limited and Norse South East Limited. The indebtedness subject to this guarantee at the year end was £nil (2019: £nil).

The nature of the company's activities, particularly in relation to its operations, is such that from time to time it faces challenges in respect of contractual disputes, laws and regulations and tax arising in the normal course of business. Provisions are made in respect of these actions where this is appropriate.

20. COMMITMENTS UNDER OPERATING LEASES

At 29 March 2020 and 31 March 2019 the company had future minimum lease payments under non-cancellable operating leases (under IAS 17) as follows:

| | 29 March 2020 £ | 31 March 2019 £ |
|--|-----------------------|-----------------------|
| Not later than 1 year | - | 57,595 |
| Later than 1 year and not later than 5 years | - | 230,380 |
| Later than 5 years | - | 657,543 |
| | <u>-</u> | <u>945,518</u> |

From 1 April 2019 the company has applied IFRS 16 'Leases'. See note 22 for the impact of this change.

NORFOLK ENVIRONMENTAL WASTE SERVICES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 29 MARCH 2020**

21. RELATED PARTY TRANSACTIONS

The company has taken advantage of the exemptions available under FRS 101 for paragraph 17 of IAS 24, whereby wholly owned group undertakings do not have to disclose intra-group transactions with other wholly owned members of the same group. The company had the following transactions and balances in the normal course of trade with related parties within the Norse Group and the ultimate controlling party Norfolk County Council.

| | Year ended 31 March 2020 | Year ended 31 March 2020 | 31 March 2020 | 31 March 2020 |
|--|--------------------------------|--------------------------------|-------------------|-------------------|
| | Sales | Purchases | Receivables | Payables |
| | £ | £ | £ | £ |
| Norfolk County Council | (11,301) | (73,776) | - | (12,261) |
| Norse Environmental Waste Services Limited | 1,214,270 | - | 759,105 | (7,219) |
| Daventry Norse Limited | 267,452 | (12,333) | - | - |
| | <u> </u> | <u> </u> | <u> </u> | <u> </u> |

| | Year ended 31 March 2019 | Year ended 31 March 2019 | 31 March 2019 | 31 March 2019 |
|--|--------------------------------|--------------------------------|-------------------|-------------------|
| | Sales | Purchases | Receivables | Payables |
| | £ | £ | £ | £ |
| Norfolk County Council | 91,691 | (135,810) | 13,562 | - |
| Norse Environmental Waste Services Limited | 1,181,266 | - | - | - |
| | <u> </u> | <u> </u> | <u> </u> | <u> </u> |

NORFOLK ENVIRONMENTAL WASTE SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 29 MARCH 2020

22. CHANGE IN ACCOUNTING POLICIES

Following the adoption in the year of IFRS 16, 'Leases', the following details the impact of the adoption on the company's financial statements.

The company has adopted IFRS 16, retrospectively from 1 April 2019, but has not restated comparatives for the year ended 31 March 2019, as permitted under the specific transition provisions in the standard. The reclassifications and the adjustments arising from the new leasing rules are therefore recognised in the opening balance sheet on 1 April 2019.

On the adoption of IFRS 16, the company recognised lease liabilities in relation to leases which had previously been classified as 'operating leases' under the principles of IAS 17, 'Leases'. These liabilities were measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate as at 1 April 2019.

For leases previously classified as finance leases the entity recognised the carrying amount of the lease asset and lease liability immediately before transition as the carrying amount of the right of use asset and the lease liability at the date of initial application. The measurement principles of IFRS 16 are only applied after that date.

Practical expedient

In applying IFRS 16 for the first time, the company has used the following practical expedients permitted by the standard:

- accounting for operating leases with a remaining lease term of less than 12 months as at 1 April 2019 as short-term leases;
- excluding initial direct costs for the measurement of the right of use asset at the date of initial application; and
- using hindsight in determining the lease term where the contract contains options to extend or terminate the lease.

Measurement of lease liabilities

The lease liability recognised as at 1 April 2019 can be reconciled to the operating lease commitment disclosure as at 31 March 2019 as follows:

| | £ |
|---|----------------|
| Operating lease commitments disclosed as at 31 March 2019 | 945,518 |
| Discount using the lessee's incremental borrowing rate at the date of initial application | (300,409) |
| Lease liability recognised as at 1 April 2019 | 645,109 |

NORFOLK ENVIRONMENTAL WASTE SERVICES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 29 MARCH 2020**

**22. CHANGE IN ACCOUNTING POLICIES
(CONTINUED)**

| | |
|-------------------------------|-------------|
| Of which are: | £ |
| Current lease liabilities | 35,424 |
| Non-current lease liabilities | 609,685 |
| | <hr/> |
| As at 1 April 2019 | 645,109 |
| | <hr/> <hr/> |

Measurement of right to use assets

The associated right-of-use assets for these leases were measured on a retrospective basis as if the new rules had always been applied.

**Adjustments recognised in the balance sheet on 1
April 2019**

The following adjustments were recognised on the balance sheet as a result of the change in accounting standard:

| | |
|--|------------------|
| | £ |
| Non-current assets | |
| Right of use assets | 458,934 |
| Current assets | |
| Current liabilities | |
| Right to use lease liabilities | (35,424) |
| Non-current liabilities | |
| Right to use lease liabilities | (609,685) |
| Deferred taxation | 31,650 |
| | <hr/> |
| Net impact on retained earnings on 1 April 2019 | (154,525) |
| | <hr/> <hr/> |

NORFOLK ENVIRONMENTAL WASTE SERVICES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 29 MARCH 2020**

23. CONTROLLING PARTY

The immediate parent undertaking is Norse Commercial Services Limited.

The company's ultimate parent and the smallest group to consolidate these financial statements is Norse Group Limited. Consolidated financial statements for this group are available from Companies House, Cardiff, CF14 3UZ.

The company's ultimate controlling party and largest group to consolidate these financial statements, is Norfolk County Council, by virtue of its ownership of 100% of the ordinary share capital of Norse Group Limited. Copies of the Norfolk County Council consolidated financial statements can be obtained from www.norfolk.gov.uk.