

LondonWaste Limited

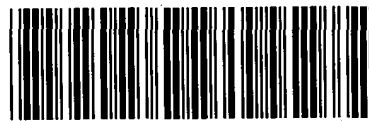
Report and Financial Statements

Year Ended

31 December 2015

Company Number 02732548

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LondonWaste Limited

Company Information

Directors	J Boast (Chairman) M Dunn R Georgeson N Grogan A P Sharpe M B Czulowski S L Forrest D Lloyd
Company secretary	M B Czulowski
Registered number	02732548
Registered office	Ecopark, Advent Way Edmonton London N18 3AG
Independent auditor	BDO LLP 55 Baker Street London W1U 7EU

LondonWaste Limited

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LondonWaste Limited

Strategic report For the Year Ended 31 December 2015

Review of the business

LondonWaste had a positive trading year. The annual boiler maintenance outages were generally completed on or ahead of schedule. Boiler availability and waste throughput were above budgeted levels. This meant that incineration and electricity export exceeded expectation, whilst lower operational costs contributed to higher profitability than budgeted.

Principal risks and uncertainties

Whilst the volume of residual municipal black bag waste may decline in the future as recycling activity increases, representing a risk to Energy Centre, the Company has addressed this risk through diversification, including constructing the Compost Centre to capture green and kitchen waste diverted from mainstream black bag waste. The decline in per capita waste volumes may also be offset by the forecasted 14% increase in the London population from 2010 to 2020.

The Company has actively managed the prices it receives for the sale of generated electricity to minimise short and medium term risk from volatile market pricing.

The Company holds surplus funds in a current account and on deposit and these balances are subject to the risk of failure by the institutions holding them. The Company minimises this risk by assessing the financial stability of the banks holding these funds.

The Company has a closed defined benefit pension scheme. The Company makes regular employer pension contributions to the fund in respect of current service and lump sum contributions in respect of past service as well as meeting the fund expenses. In order to remove risk from the scheme the trustees have implemented an arrangement which will gradually switch assets from equities into bonds as the scheme heads towards maturity. As at 31 December 2015 the scheme has a surplus, which the Company has not recognised as an asset.

Analysis of the development and performance of the business

The Company operates under a ten year waste contract with North London Waste Authority (NLWA) which commenced on 16 December 2014. The NLWA has reviewed its strategy for the development of the Company to meet the NLWA's future needs. As a consequence NLWA has resolved to build an Energy Recovery Facility to replace the existing operating plant by 2025, to continue to recover energy from waste and generate heat and power.

An application for a Development Consent Order to build the Energy Recovery Facility was submitted to the Planning Inspectorate on 14th October 2015 and the outcome of the application is expected to be known in the first half of 2017.

Analysis of the position of the business

The Company successfully delivered the first year of the ten year waste agreement with NLWA. The reduction in revenue and profitability from the prior year is a result of the commercial conditions attached to the new NLWA contract. The changing nature of the contract is also reflected in the dividend paid to the shareholder.

The balance sheet as at 31 December 2015 is strong with cash reserves of £21,546,000 and the Company has been debt free for several years. It is therefore well positioned to enter the next phase of its development.

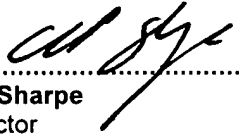
LondonWaste Limited

Strategic report (continued)

Analysis using financial key performance indicators

Turnover for the year was £59,266,000 and profit before tax was £4,016,000 which represented a percentage return on turnover of 6.8%. The balance sheet on page 8 of the financial statements shows that the Company's net assets were £57,286,000, a 4.8% increase on the previous year. The Company is committed to maximising the percentage of waste which is either recycled or converted to electricity and to minimising the amount of waste going to landfill. The percentage of waste received which was either recycled or converted to electricity in our Energy Centre was 86% (2014 - 84%).

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


.....
A P Sharpe
Director

Date:

5th May 2016

LondonWaste Limited

Directors' report For the Year Ended 31 December 2015

The directors present their report and the financial statements for the year ended 31 December 2015.

Directors' responsibilities

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. Under company law the directors must not approve the financial statements unless satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- 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.

Results and dividends

The profit for the year, after taxation, amounted to £3,284,000 (2014 - £4,984,000).

During the year the directors approved the payment of an interim dividend of £1,000,000 (2014 - £5,000,000).

The directors do not recommend the payment of a final dividend (2014 - Nil).

Directors

The directors who served during the year were:

J Boast (Chairman)
M Dunn
C Elliott (resigned 1 July 2015)
R Georgeson
N Grogan
M McGeehan (resigned 9 February 2016)
D Sargent (resigned 31 July 2015)
A P Sharpe (appointed 3 August 2015)

LondonWaste Limited

Directors' report For the Year Ended 31 December 2015

Disclosure of information to auditor

Each of the persons who are directors at the time when this directors' report is approved has confirmed that:

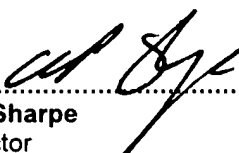
- so far as that director is aware, there is no relevant audit information of which the company's auditor is unaware, and
- that director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the company's auditor is aware of that information.

Auditor

The auditor, BDO LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

As permitted by paragraph 1A of schedule 7 to the Large and Medium Sized Companies and Groups (Accounts and Reports) Regulation 2008, certain matters which are required to be disclosed in the Directors' Report have been omitted as they are included in the Strategic Report on pages 1 - 2. These matters relate to the principal activity and financial risk.

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


.....
A P Sharpe
Director

Date: 5th May 2016

LondonWaste Limited

Independent Auditor's report to the members of LondonWaste Limited

We have audited the financial statements of LondonWaste Limited for the year ended 31 December 2015 which comprise the Statement of Financial Position, the Statement of Comprehensive Income, the Statement of Changes in Equity and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

As explained more fully in the statement of directors' responsibilities, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Financial Reporting Council's (FRC's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

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

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2015 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion 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.

LondonWaste Limited

Independent Auditor's report to the members of LondonWaste Limited

Matters on which we are required to report by exception

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

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



Marc Reinecke (senior statutory auditor)
For and on behalf of BDO LLP, statutory auditor
London
United Kingdom

Date: 9-5-2016

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

LondonWaste Limited

Statement of comprehensive income For the Year Ended 31 December 2015

	Note	2015 £000	2014 £000
Turnover		59,266	66,808
Cost of sales		(46,845)	(51,630)
Gross profit		12,421	15,178
Administrative expenses		(8,449)	(8,228)
Operating profit		3,972	6,950
Interest receivable and similar income	8	102	142
Interest payable and expenses	9	(47)	(66)
Other finance costs	10	(11)	(3)
Profit on ordinary activities before taxation		4,016	7,023
Taxation on profit/(loss) on ordinary activities	11	(732)	(2,039)
Profit for the financial year		3,284	4,984
Other comprehensive income for the year			
Actuarial losses on defined benefit pension scheme		2,706	(1,255)
Pension surplus not recognised		(2,287)	-
Movement of deferred tax relating to pension surplus/deficit		(84)	323
Other comprehensive income for the year		335	(932)
Total comprehensive income for the year		3,619	4,052

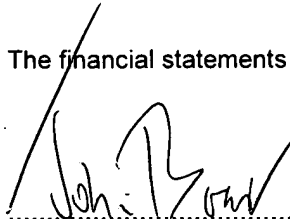
LondonWaste Limited

Registered number:02732548

**Statement of financial position
As at 31 December 2015**

	Note	2015 £000	2014 £000
Fixed assets			
Tangible assets	13	37,791	37,865
		<u>37,791</u>	<u>37,865</u>
Current assets			
Stocks	14	1,644	1,808
Debtors: amounts falling due within one year	15	8,816	11,641
Cash at bank and in hand		21,546	19,457
		<u>32,006</u>	<u>32,906</u>
Creditors: amounts falling due within one year	16	(9,577)	(12,070)
Net current assets		<u>22,429</u>	<u>20,836</u>
Total assets less current liabilities		<u>60,220</u>	<u>58,701</u>
Provisions for liabilities			
Deferred tax		(2,934)	(3,070)
		<u>(2,934)</u>	<u>(3,070)</u>
Pension liability/asset	20	-	(964)
Net assets		<u><u>57,286</u></u>	<u><u>54,667</u></u>
Capital and reserves			
Called up share capital	18	31,196	31,196
Share premium account		1,648	1,648
Profit and loss account		24,442	21,823
		<u>57,286</u>	<u>54,667</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 5/5/16


J Boast (Chairman)
 Director


A P Sharpe
 Director

The notes on pages 12 to 30 form part of these financial statements.

LondonWaste Limited

Statement of changes in equity As at 31 December 2015

	Share capital £000	Share premium £000	Profit and loss account £000	Total equity £000
At 1 January 2015	31,196	1,648	21,823	54,667
Comprehensive income for the year				
Profit for the year	-	-	3,284	3,284
Actuarial gains on pension scheme	-	-	419	419
Deferred tax on actuarial gains	-	-	(84)	(84)
Other comprehensive income for the year	-	-	335	335
Total comprehensive income for the year	-	-	3,619	3,619
Contributions by and distributions to owners				
Dividends: Equity capital	-	-	(1,000)	(1,000)
At 31 December 2015	31,196	1,648	24,442	57,286

LondonWaste Limited

Statement of changes in equity As at 31 December 2014

	Share capital £000	Share premium £000	Profit and loss account £000	Total equity £000
At 1 January 2014	31,196	1,648	22,771	55,615
Comprehensive income for the year				
Profit for the year	-	-	4,984	4,984
Actuarial losses on pension scheme	-	-	(1,255)	(1,255)
Deferred tax relating to pension surplus/deficit	-	-	323	323
	-	-	4,052	4,052
Total comprehensive income for the year				
Contributions by and distributions to owners				
Dividends: Equity capital	-	-	(5,000)	(5,000)
At 31 December 2014	31,196	1,648	21,823	54,667

The notes on pages 12 to 30 form part of these financial statements.

LondonWaste Limited

Statement of cash flows For the Year Ended 31 December 2015

	2015 £000	2014 £000
Cash flows from operating activities		
Profit for the financial year	3,284	4,984
Adjustments for:		
Depreciation of tangible assets	3,950	4,241
Decrease/(increase) in stocks	164	(93)
Interest payable	47	66
Interest receivable	(102)	(142)
Taxation	732	2,039
Increase in debtors	1,914	487
Decrease/(increase) in amounts owed by parent company	720	(4,131)
(Decrease)/increase in creditors	(2,529)	1,819
(Decrease)/increase in amounts owed to parent company	(1,081)	180
Decrease in provisions	-	(854)
Increase in net pension assets/liabilities	(556)	(761)
Corporation tax paid	(114)	(3,226)
Other finance costs	11	3
Net cash generated from operating activities	6,440	4,612
Cash flows from investing activities		
Purchase of tangible fixed assets	(3,406)	(1,735)
Sale of tangible fixed assets	-	178
Interest received	102	142
Net cash used in investing activities	(3,304)	(1,415)
Cash flows from financing activities		
Dividends paid	(1,000)	(5,000)
Interest paid	(47)	(66)
Cash withdrawn from/(placed on) short-term deposit	-	5,051
Net cash used in financing activities	(1,047)	(15)
Net increase in cash and cash equivalents	2,089	3,182
Cash and cash equivalents at beginning of year	19,457	16,275
Cash and cash equivalents at the end of year	21,546	19,457
Cash and cash equivalents at the end of year comprise:		
Cash at bank and in hand	21,546	19,457
	21,546	19,457

LondonWaste Limited

Notes to the financial statements For the Year Ended 31 December 2015

1. Accounting policies

1.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland and the Companies Act 2006.

Information on the impact of first-time adoption of FRS 102 is given in note 25.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the company's accounting policies (see note 2).

The following principal accounting policies have been applied:

1.2 Financial reporting standard 102 - reduced disclosure exemptions

The company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by the FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland":

- the requirements of Section 4 Statement of Financial Position paragraph 4.12(a)(iv);
- the requirements of Section 11 Financial Instruments paragraphs 11.39 to 11.48A;
- the requirements of Section 12 Other Financial Instruments paragraphs 12.26 to 12.29;
- the requirements of Section 33 Related Party Disclosures paragraph 33.7.

This information is included in the consolidated financial statements of North London Waste Authority as at 31 March 2016 and these financial statements may be obtained from <http://www.nlwa.gov.uk/>.

1.3 Turnover

Turnover comprises revenue recognised by the company in respect of goods and services supplied during the year, exclusive of Value Added Tax and trade discounts. Revenue is recognised when an amount of revenue can be reliably measured and it is probable that future economic benefits will flow to the entity. This will take effect either when waste is delivered by a customer or when electricity is exported.

1.4 Tangible fixed assets

Tangible fixed assets 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.

LondonWaste Limited

Notes to the financial statements For the Year Ended 31 December 2015

1. Accounting policies (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 bases:

Freehold buildings	-	5-7%	per annum on cost
Plant and machinery	-	6.66-20%	per annum on cost
Motor vehicles	-	12.5-25%	per annum on cost
Office equipment	-	12.5-25%	per annum on cost
Capital work in progress	-		not depreciated until brought into use

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 within 'administrative expenses' in the statement of comprehensive income.

1.5 Operating leases

Rentals paid under operating leases are charged to the profit or loss on a straight line basis over the period of the lease.

1.6 Stocks

Stocks consist of consumables and are valued at the lower of cost and net realisable value after making due allowance for obsolete and slow-moving stocks.

1.7 Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

1.8 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.

1.9 Creditors

Short term creditors are measured at the transaction price. Other financial liabilities are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

LondonWaste Limited

Notes to the financial statements For the Year Ended 31 December 2015

1. Accounting policies (continued)

1.10 Grants received

Government grants received on capital expenditure are initially recognised within deferred income on the company's statement of financial position and are subsequently recognised in profit or loss on a systematic basis over the useful life of the related capital expenditure.

1.11 Insurance Proceeds

Insurance proceeds are recognised in the period to which relevant losses relate, and thereafter in subsequent periods as and when a reliable estimate of the amount receivable can be made.

1.12 Finance costs

Finance costs are charged to the income statement 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.

1.13 Dividends

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders at an annual general meeting.

LondonWaste Limited

Notes to the financial statements For the Year Ended 31 December 2015

1. Accounting policies (continued)

1.14 Pensions

Defined contribution pension plan

The company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the company pays fixed contributions into a separate entity. Once the contributions have been paid the company has no further payments obligations.

The contributions are recognised as an expense in the income statement when they fall due. Amounts not paid are shown in accruals as a liability in the statement of financial position. The assets of the plan are held separately from the company in independently administered funds.

Defined benefit pension plan

The company operates a defined benefit plan for certain employees. A defined benefit plan defines the pension benefit that the employee will receive on retirement, usually dependent upon several factors including but not limited to age, length of service and remuneration. A defined benefit plan is a pension plan that is not a defined contribution plan.

A liability is recognised in the statement of financial position in respect of the defined benefit plan where the present value of the defined benefit obligation at the end of the reporting date exceeds the fair value of plan assets at the reporting date (if any) out of which the obligations are to be settled. An asset is recognised where the fair value of the plan assets exceeds the obligations only to the extent that the company is able to recover the surplus either through reduced contributions in the future or through refunds from the plan.

The defined benefit obligation is calculated using the projected unit credit method. The last full actuarial valuation is dated 1 January 2015. Annually the company engages independent actuaries to roll forward the valuation allowing for changes in financial assumptions, additional benefit accrual, actual pension increase, deferred pension revaluation and inflation once the date of the full actuarial valuation. The present value is determined by discounting the estimated future payments using market yields on high quality corporate bonds that are denominated in sterling and that have terms approximating to the estimated period of the future payments ('discount rate').

The fair value of plan assets is measured in accordance with the FRS 102 fair value hierarchy and in accordance with the company's policy for similarly held assets. This includes the use of appropriate valuation techniques.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to other comprehensive income. These amounts together with the return on plan assets, less amounts included in net interest, are disclosed as 'Remeasurement of net defined benefit liability'.

The cost of the defined benefit plan, recognised in profit or loss as employee costs, except where included in the cost of an asset, comprises:

- a) the increase in net pension benefit liability arising from employee service during the period; and
- b) the cost of plan introductions, benefit changes, curtailments and settlements.

The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is recognised in profit or loss as a 'finance expense'.

LondonWaste Limited

Notes to the financial statements For the Year Ended 31 December 2015

1. Accounting policies (continued)

1.15 Interest income

Interest income is recognised in the income statement using the effective interest method.

1.16 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 the income statement 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.

1.17 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in the income statement, except that a change 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 country where the company operates and generates income.

Deferred 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 income tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

LondonWaste Limited

Notes to the financial statements For the Year Ended 31 December 2015

2. Judgments in applying accounting policies and key sources of estimation uncertainty

In preparing these financial statements, the directors have had to make the following judgments:

- Determine whether leases entered into by the company either as a lessor or a lessee are operating or lease or finance leases. These decisions depend on an assessment of whether the risks and rewards of ownership have been transferred from the lessor to the lessee on a lease by lease basis.

Other key sources of estimation uncertainty

- Tangible fixed assets (see note 13)

Tangible fixed assets, other than investments properties, are depreciated over their useful lives taking into account residual values, where appropriate. The actual lives of the assets and residual values are assessed annually and may vary depending on the number of factors. In re-assessing asset lives, factors such as technological innovation, product life cycles and maintenance programmes are taken into account. Residual value assessments consider issues such as future market conditions, the remaining life of the asset and projected disposal values.

- Pension scheme assets/(liabilities) (see note 20)

The calculation of the defined benefit pension scheme valuation involves the use of actuarial assumptions.

3. Analysis of turnover

The whole of the turnover is attributable to the Company's principal activity.

All turnover arose within the United Kingdom.

4. Operating profit

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

	2015 £000	2014 £000
Depreciation of tangible fixed assets	3,950	4,241
Fees payable to the company's auditor and its associates for the audit of the company's annual accounts	40	38
Operating lease rentals:		
- lands and buildings	106	104
- other operating leases	639	781
Exchange differences	-	2
Hire of plant and machinery	223	162
Amortisation of grant	(113)	(113)

LondonWaste Limited

Notes to the financial statements For the Year Ended 31 December 2015

5. Auditor's remuneration

	2015 £000	2014 £000
Fees payable to the company's auditor and its associates for the audit of the company's annual accounts	40	38
	<u>40</u>	<u>38</u>
Fees payable to the company's auditor and its associates in respect of:		
Other services relating to taxation	10	9
All other services	41	4
	<u>51</u>	<u>13</u>

6. Employees

Staff costs, including directors' remuneration, were as follows:

	2015 £000	2014 £000
Wages and salaries	10,997	10,838
Social security costs	1,054	1,017
Cost of defined benefit scheme	610	584
Cost of defined contribution scheme	149	126
	<u>12,810</u>	<u>12,565</u>

The average monthly number of employees, including the directors, during the year was as follows:

	2015 No.	2014 No.
Average number of persons employed by the company	<u>248</u>	<u>244</u>

LondonWaste Limited

Notes to the financial statements For the Year Ended 31 December 2015

7. Directors' remuneration

	2015 £000	2014 £000
Directors' emoluments	481	574
Company contributions to defined contribution pension schemes	20	16
	<u>501</u>	<u>590</u>

During the year retirement benefits were accruing to 6 directors (2014 - 2) in respect of defined contribution pension schemes.

During the year retirement benefits were accruing to 1 director (2014 - 1) in respect of defined benefit pension schemes.

The highest paid director received remuneration of £127,000 (2014 - £221,000).

The value of the company's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £13,000 (2014 - £NIL).

8. Interest receivable

	2015 £000	2014 £000
Other interest receivable	102	142
	<u>102</u>	<u>142</u>

9. Interest payable and similar charges

	2015 £000	2014 £000
Loans from group undertakings	44	63
Other interest payable	3	3
	<u>47</u>	<u>66</u>

LondonWaste Limited

Notes to the financial statements For the Year Ended 31 December 2015

10. Other finance costs

	2015 £000	2014 £000
Interest income on pension scheme assets	977	1,079
Interest on pension scheme liabilities	(988)	(1,082)
	<u>(11)</u>	<u>(3)</u>

11. Taxation

	2015 £000	2014 £000
Corporation tax		
Current tax on profits for the year	954	1,515
Adjustments in respect of previous periods	(2)	(11)
	<u>952</u>	<u>1,504</u>
Total current tax	<u>952</u>	<u>1,504</u>
Deferred tax		
Origination and reversal of timing differences	(7)	113
Change in deferred tax rates	(326)	-
Adjustments in respect of previous periods	4	199
Deferred tax in respect of defined benefit pensions scheme	109	223
	<u>(220)</u>	<u>535</u>
Total deferred tax	<u>(220)</u>	<u>535</u>
Taxation on profit on ordinary activities	<u>732</u>	<u>2,039</u>

LondonWaste Limited

Notes to the financial statements For the Year Ended 31 December 2015

11. Taxation (continued)

Factors affecting tax charge for the year

The tax assessed for the year is lower than (2014 -higher than) the standard rate of corporation tax in the UK of 20.25% (2014 - 21.5%). The differences are explained below:

	2015 £000	2014 £000
Profit on ordinary activities before tax	4,016	7,023
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 20.25% (2014 -21.5%)	813	1,510
Effects of:		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	243	399
Adjustments to current tax charge in respect of prior periods	(2)	(11)
Adjustments to deferred tax in respect of prior years	4	199
Adjustment of deferred tax to average rate of 20.25% (2014: 21.5%)	(326)	(58)
Total tax charge for the year	732	2,039

12. Dividends

	2015 £000	2014 £000
Dividends on equity capital	1,000	5,000
	1,000	5,000

LondonWaste Limited

Notes to the financial statements For the Year Ended 31 December 2015

13. Tangible fixed assets

	Freehold buildings £000	Plant and machinery £000	Motor vehicles £000	Office equipment £000	Capital work in progress £000	Total £000
Cost or valuation						
At 1 January 2015	30,574	80,682	1,695	7,031	615	120,597
Additions	146	643	46	127	2,914	3,876
Disposals	-	-	(51)	-	-	(51)
Transfers between classes	770	1,622	-	188	(2,580)	-
At 31 December 2015	31,490	82,947	1,690	7,346	949	124,422
Depreciation						
At 1 January 2015	16,457	58,721	1,253	6,301	-	82,732
Charge owned for the period	346	3,130	162	312	-	3,950
Disposals	-	-	(51)	-	-	(51)
At 31 December 2015	16,803	61,851	1,364	6,613	-	86,631
At 31 December 2015	14,687	21,096	326	733	949	37,791
At 31 December 2014	14,117	21,961	442	730	615	37,865

Included in land and buildings is freehold land at cost of £11,775,000 (2014 - £11,750,000) which is not depreciated.

LondonWaste Limited

Notes to the financial statements For the Year Ended 31 December 2015

14. Stocks

	2015 £000	2014 £000
Consumables	1,644	1,808
	<u>1,644</u>	<u>1,808</u>

15. Debtors

	2015 £000	2014 £000
Due within one year		
Trade debtors	710	2,314
Amounts owed by parent undertaking	6,223	6,943
Other debtors	-	4
Prepayments and accrued income	1,883	2,189
Corporation tax recoverable	-	191
	<u>8,816</u>	<u>11,641</u>

16. Creditors: Amounts falling due within one year

	2015 £000	2014 £000
Trade creditors	2,997	4,320
Amounts owed to parent undertaking	243	1,324
Corporation tax	647	-
Taxation and social security	802	513
Other creditors	45	125
Accruals and deferred income	4,843	5,788
	<u>9,577</u>	<u>12,070</u>

LondonWaste Limited

Notes to the financial statements For the Year Ended 31 December 2015

17. Deferred taxation

	Deferred tax £000
At 1 January 2015	(3,070)
Charged to the profit or loss	220
Charged to other comprehensive income	(84)
At 31 December 2015	(2,934)

The provision for deferred taxation is made up as follows:

	2015 £000	2014 £000
Accelerated capital allowances	(2,940)	(3,304)
Short term timing differences	6	41
Pension surplus/deficit	-	193
	(2,934)	(3,070)

18. Share capital

	2015 £000	2014 £000
Allotted, called up and fully paid		
31,195,874 Ordinary shares of £1 each	31,196	31,196

19. Capital commitments

At 31 December 2015 the company had capital commitments as follows:

	2015 £000	2014 £000
Contracted for but not provided in these financial statements	2,632	1,292
	2,632	1,292

LondonWaste Limited

Notes to the financial statements For the Year Ended 31 December 2015

20. Pension commitments

The Company's pension arrangements comprise a Group Personal Pension Scheme (defined contribution scheme) and a defined benefit scheme.

Define Contribution Pension Scheme

During the year the Company made contributions of £149,000 (2014 - £126,000) to its defined contribution scheme and other personal pension arrangements for employees.

Defined Benefit Pension Scheme

The LondonWaste Limited Pension Scheme is a final salary scheme plan available to qualifying employees of the company.

The amounts recognised in the balance sheet are as follows:

Reconciliation of present value of plan liabilities:

	2015 £000	2014 £000
At the beginning of the year	(28,085)	(24,571)
Current service cost	(610)	(584)
Interest cost	(988)	(1,082)
Actuarial gains/losses	3,663	(2,375)
Contributions	(130)	(134)
Benefits paid	525	661
At the end of the year	(25,625)	(28,085)

Reconciliation of present value of plan assets:

	2015 £000	2014 £000
At the beginning of the year	27,121	24,105
Interest income	977	1,079
Actuarial gains/losses	(957)	1,120
Contributions	1,296	1,478
Benefits paid	(525)	(661)
At the end of the year	27,912	27,121

LondonWaste Limited

Notes to the financial statements For the Year Ended 31 December 2015

20. Pension commitments (continued)

The major categories of scheme assets as a percentage of total scheme assets are as follows:

	2015	2014
Equity	48%	55%
Debt	41%	41%
Other	11%	4%

The expected return on plan assets is determined by considering the expected returns available on the assets underlying the current investment policy. Expected yields on fixed interest investments are based on gross redemption yields as at the balance sheet date. Expected returns on equity and property investments reflect long-term real rates of return experienced.

	2015 £000	2014 £000
Fair value of plan assets	27,912	27,121
Present value of plan liabilities	(25,625)	(28,085)
Net pension scheme surplus/(liability)	2,287	(964)
Less derecognition of surplus	(2,287)	-
Net pension scheme surplus/liability recognised	-	(964)

The company has not recognised the pension surplus as an asset as it does not have the unconditional right to recover the surplus through reduced contributions in the future or through refunds from the plan.

The amounts recognised in profit or loss are as follows:

	2015 £000	2014 £000
Current service cost	(610)	(584)
Interest cost on defined benefit obligation	(988)	(1,082)
Interest income on scheme assets	977	1,079
Total	(621)	(581)
Actual return on scheme assets	20	2,199

The current service cost, £610,000 (2014: £584,000) is included within cost of sales in the profit and loss account. The net finance cost on scheme assets and obligations, £11,000 (2014: £3,000) is shown separately on the face of the profit and loss account as 'other finance costs'.

LondonWaste Limited

Notes to the financial statements For the Year Ended 31 December 2015

20. Pension commitments (continued)

	2015 £000	2014 £000
Analysis of actuarial loss recognised in Other Comprehensive Income		
Actual return less interest income included in net interest income	(957)	1,120
Experience gains and losses arising on the scheme liabilities	1,903	371
Changes in assumptions underlying the present value of the scheme liabilities	1,760	(2,745)
	<u>2,706</u>	<u>(1,254)</u>

Principal actuarial assumptions at the statement of financial position date (expressed as weighted averages):

	2015	2014
Discount rate at 31 December	3.80 %	3.55 %
Future salary increases	3.55 %	3.55 %
Future pension increases	<u>3.20 %</u>	<u>3.20 %</u>

It is assumed that no member will retire early.

Amounts for the current and previous four periods are as follows:

Defined benefit pension schemes

	2015 £000	2014 £000	2013 £000	2012 £000	2011 £000
Defined benefit obligation	(25,625)	(28,085)	(24,571)	(23,957)	(21,669)
Scheme assets	25,625	27,121	24,105	20,373	17,859
Deficit	<u>-</u>	<u>(964)</u>	<u>(466)</u>	<u>(3,584)</u>	<u>(3,810)</u>
Experience adjustments on scheme liabilities	1,903	371	140	1,006	(204)
Experience adjustments on scheme assets	(957)	761	1,967	969	(1,408)
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

LondonWaste Limited

Notes to the financial statements For the Year Ended 31 December 2015

21. Commitments under operating leases

At 31 December 2015 the company had commitments under non-cancellable operating leases as follows:

	2015 £000	2014 £000
Plant & Machinery		
Within 1 year	396	316
Between 1 year and 5 years	565	201
Land and Buildings		
Within 1 year	107	106
Between 1 year and 5 years	445	438
After 5 years	584	708

22. Related party transactions

The directors are of the opinion that, as at 31 December 2015, the Company is 100% owned and controlled by the North London Waste Authority (NLWA). Balances and transactions between the Company and NLWA are not disclosed, as permitted by the exemption contained in Financial Reporting Standard 102 Section 33 'Related Party Disclosures' paragraph 33.1A not to disclose transactions with certain group companies on the grounds that 100% of the voting rights in the company are controlled by the group.

23. Controlling party

The immediate and ultimate parent company is North London Waste Authority, an entity established in the United Kingdom, whose registered office is North London Waste Authority, Berol House, Unit 1B, 25 Ashley Rd, Tottenham, London, N17 9LJ.

The smallest and largest group into which the results of the Company are consolidated is North London Waste Authority. These financial statements are available to the public and may be obtained from the registered office or website at <http://www.nlwa.gov.uk/>.

24. Subsidiary undertakings

At 31 December 2015 the company had the following subsidiary undertakings, all of which are incorporated in England & Wales:

Name	Holding Principal activity
LondonWaste Recycling Limited	100 % Dormant
London Ecopark Limited	100 % Dormant
EcoPark Limited	100 % Dormant

LondonWaste Limited

Notes to the financial statements For the Year Ended 31 December 2015

25. First time adoption of FRS 102

		As previously stated 1 January 2014 £000	Effect of transition 1 January 2014 £000	FRS 102 (as restated) 1 January 2014 £000	As previously stated 31 December 2014 £000	Effect of transition 31 December 2014 £000	FRS 102 (as restated) 31 December 2014 £000
Fixed assets		40,128	-	40,128	37,865	-	37,865
Current assets		31,024	-	31,024	32,906	-	32,906
Creditors: amounts falling due within one year	1,3	(10,130)	(1,229)	(11,359)	(11,934)	(136)	(12,070)
Net current assets		20,894	(1,229)	19,665	20,972	(136)	20,836
Total assets less current liabilities		61,022	(1,229)	59,793	58,837	(136)	58,701
Provisions for liabilities	5	(4,398)	220	(4,178)	(4,035)	1	(4,034)
Net assets	1,3,5	56,624	(1,009)	55,615	54,802	(135)	54,667
Capital and reserves		56,624	(1,009)	55,615	54,802	(135)	54,667

LondonWaste Limited

Notes to the financial statements For the Year Ended 31 December 2015

25. First time adoption of FRS 102 (continued)

	Note	As previously stated 31 December 2014 £000	Effect of transition 31 December 2014 £000	FRS 102 (as restated) 31 December 2014 £000
Turnover		66,808	-	66,808
Cost of sales	2	(51,625)	(5)	(51,630)
		15,183	(5)	15,178
Administrative expenses		(8,228)	-	(8,228)
Exceptional administrative expenses	3	(1,098)	1,098	-
Operating profit		5,857	1,093	6,950
Interest receivable and similar income		142	-	142
Interest payable and similar charges		(66)	-	(66)
Other finance income	4	356	(359)	(3)
Taxation	5	(1,820)	(219)	(2,039)
Profit on ordinary activities after taxation and for the financial year		4,469	515	4,984

Explanation of changes to previously reported profit and equity:

- 1 Recognition of holiday pay accrual.
- 2 Recognition of holiday pay accrued charge for the year.
- 3 Reclassification of 2014 exceptional item as prior year adjustment.
- 4 Reclassification of return on pension scheme assets from 'profit and loss' to 'other comprehensive income'
- 5 Adjustments to deferred tax as a result of adjustments 2 and 3