

**LONDONWASTE LIMITED**

**ANNUAL REPORT AND FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2016**



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## **LONDONWASTE LIMITED**

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### **COMPANY INFORMATION**

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<b>Directors</b>	J Boast (Chairman) (resigned 31 December 2016) M Dunn R Georgeson N Grogan A P Sharpe M B Czulowski S L Forrest D Lloyd M McGeehan (resigned 9 February 2016) P D Wynn (Chairman) (appointed 26 January 2017)
<b>Company secretary</b>	M B Czulowski
<b>Registered number</b>	02732548
<b>Registered office</b>	Ecopark, Advent Way Edmonton London N18 3AG
<b>Independent auditors</b>	Moore Stephens LLP 150 Aldersgate Street London EC1A 4AB

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**LONDONWASTE LIMITED**

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## **LONDONWASTE LIMITED**

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### **STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2016**

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#### **Review of the Business**

The principal business of LondonWaste is the disposal, keeping or treatment of waste and the transfer and recycling of waste, including its incineration and conversion into electricity.

LondonWaste had a very positive trading year. During the year the first planned shutdown of the Energy Centre took place successfully, with the plant being brought back into service on schedule. There was no impact to customer service whilst the shutdown took place. Boiler availability and waste throughput were above budget and electricity export was considerably higher than budget as a result of improved plant performance. The company's ability to incinerate higher than budgeted volumes allowed the Company to process third party waste generating higher than budgeted profitability.

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

Volatility in electricity prices is actively managed by the Company to minimise short and medium term market risk.

The generating capacity of the Company is reliant on maintaining the ageing plant, minimising the risk of unplanned plant shutdown. 2016 was the first year of a major capital investment programme being undertaken to replace, refurbish or upgrade equipment that has the highest risk of breakdown.

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. This risk is minimised by assessing the financial stability of the banks holding these funds.

The Company has a closed defined benefit pension scheme. Regular employer pension contributions are made 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 a long term plan to gradually switch assets from investment on equities into bonds as the scheme heads towards maturity. As at 31 December 2016 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 a waste management contract for the North London Waste Authority (NLWA) which extends to 1 December 2025 and for Hertfordshire County Council which expires in December 2017.

The NLWA has reviewed its strategy for the provision of an energy recovery facility to meet its future requirements and 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 in October 2015 and the application was consented on 24th February 2017.

#### **Analysis of the position of the business**

The Company successfully delivered the requirements of its waste contracts through 2016 and had sufficient excess capacity to manage spot market third party waste, generating additional revenue and profitability.

The balance sheet as at 31 December 2016 is strong with cash reserves of £26,852,000 and the Company has been debt free for several years. It is therefore well positioned to undertake the capital investment in extending the operating life of the Energy Centre. The capital investment will, however, consume much of the Company's cash reserves.

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**LONDONWASTE LIMITED**

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**STRATEGIC REPORT (CONTINUED)  
FOR THE YEAR ENDED 31 DECEMBER 2016**


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**Analysis using financial key performance indicators**

Turnover for the year was £61,685,000 and profit before tax was £2,766,000 which represented a return on turnover of 4.5%. The balance sheet on page 9 of the financial statements shows that the company's net assets were £59,197,000, a 3.3% 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 being landfilled. In 2016 the amount recycled or converted to electricity totalled 91% (2015 – 86%).

This report was approved by the board on **MARCH 23 2017** and signed on its behalf.



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A.P. Sharpe  
Director

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## **LONDONWASTE LIMITED**

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### **DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2016**

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The directors present their report and the financial statements for the year ended 31 December 2016.

#### **Directors' responsibilities statement**

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 United Kingdom 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 judgments 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 £2,229,000 (2015 - £3,284,000).

The directors do not recommend the payment of a dividend (2015 - £1,000,000).

#### **Directors**

The directors who served during the year were:

J Boast (Chairman) (resigned 31 December 2016)  
M Dunn  
R Georgeson  
N Grogan  
A P Sharpe  
M B Czulowski  
S L Forrest  
D Lloyd  
M McGeehan (resigned 9 February 2016)

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## **LONDONWASTE LIMITED**

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### **DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2016**

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#### **Employment Policies**

##### People with disabilities

The Company operates an equal opportunities employment policy and is opposed to all forms of discrimination.

Applications for employment by disabled persons are always fully considered, bearing in mind the abilities of the applicant concerned.

In the event of members of staff becoming disabled every effort is made to ensure that their employment with the company continues and that appropriate training is arranged. It is the policy of the company that the training, career development and promotion of disabled persons should, as far as possible, be identical to that of other employees.

##### Employee Involvement

The company recognises the importance of its employees and is committed to effective two-way communication and consultation.

Company policies and procedures are published on the company intranet, which is accessible to all employees.

The Company communicates information of concern to employees in a number of ways; by team briefing, newsletters, through union representation and by direct communication. The information in these publications and briefings covers a wide range of subjects that affect the business.

Where it is identified that operational changes are required to meet business or health and safety needs which affect employees the company consults with groups and individuals at both a functional and company-wide level.

An employee survey was undertaken for the first time in 2016 to seek input from employees and this will now be carried out on an annual basis.

The Company encourages the involvement of employees in the performance of the company through participation in a bonus scheme on successful achievement of company performance targets.

The company recognises the rights of every employee to join a trade union and participate in its activities.

#### **Disclosure of information to auditors**

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

- So far as the director is aware, there is no relevant audit information of which the Company's auditors are unaware, and
- The 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 auditors are aware of that information.

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**LONDONWASTE LIMITED**

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**DIRECTORS' REPORT (CONTINUED)  
FOR THE YEAR ENDED 31 DECEMBER 2016**

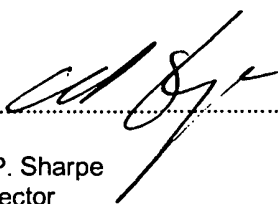
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**Auditors**

The auditor, Moore Stephens LLP, was appointed by the Company on 1st October 2016 and 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 on **MARCH 23 2017** and signed on its behalf.

  
.....  
A.P. Sharpe  
Director



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## **LONDONWASTE LIMITED**

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### **INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF LONDONWASTE LIMITED**

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We have audited the financial statements of LondonWaste Ltd for the year ended 31 December 2016 which are set out on pages 8 to 32. 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).

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 Directors' Responsibilities Statement set out on page 3, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

#### **Scope of the audit of the financial statements**

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's web-site at [www.frc.org.uk/auditscopeukprivate](http://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 2016 and of its profit or loss 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 matter prescribed by the Companies Act 2006**

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

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

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**LONDONWASTE LIMITED**

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**INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF LONDONWASTE LIMITED  
(CONTINUED)**

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

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report.

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.
- the directors were not entitled to take advantage of the small companies' exemption in preparing the directors' report and take advantage of the small companies exemption from the requirement to prepare a strategic report.



Nick Bennett

Senior Statutory Auditor

For and on behalf of Moore Stephens LLP, Statutory Auditor

150 Aldersgate Street  
London  
EC1A 4AB

Date: 29 March 2017

**LONDONWASTE LIMITED**

**STATEMENT OF COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 31 DECEMBER 2016**

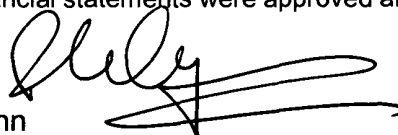
	Note	2016 £000	2015 £000
Turnover	4	61,685	59,266
Cost of sales		(49,699)	(46,845)
<b>Gross profit</b>		<b>11,986</b>	<b>12,421</b>
Administrative expenses		(9,354)	(8,449)
<b>Operating profit</b>	5	<b>2,632</b>	<b>3,972</b>
Interest receivable and similar income	9	86	102
Interest payable and expenses	10	(51)	(47)
Other finance income/(costs)	11	99	(11)
<b>Profit before tax</b>		<b>2,766</b>	<b>4,016</b>
Tax on profit	12	(537)	(732)
<b>Profit for the year</b>		<b>2,229</b>	<b>3,284</b>
<b>Other comprehensive income for the year</b>			
Actuarial gains/(losses) on defined benefit pension scheme		(1,961)	2,706
Pension surplus not recognised		1,643	(2,287)
Movement of deferred tax relating to pension surplus/ deficit		-	(84)
<b>Other comprehensive income for the year</b>		<b>(318)</b>	<b>335</b>
<b>Total comprehensive income for the year</b>		<b>1,911</b>	<b>3,619</b>

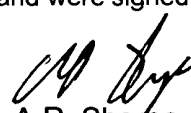
**LONDONWASTE LIMITED**  
**REGISTERED NUMBER: 02732548**

**STATEMENT OF FINANCIAL POSITION**  
**AS AT 31 DECEMBER 2016**

	Note	2016 £000	2015 £000
<b>Fixed assets</b>			
Tangible assets	14	39,333	37,791
		<u>39,333</u>	<u>37,791</u>
<b>Current assets</b>			
Stocks	15	1,822	1,644
Debtors: amounts falling due within one year	16	9,694	8,816
Bank and cash balances		26,852	21,546
		<u>38,368</u>	<u>32,006</u>
Creditors: amounts falling due within one year	17	(15,279)	(9,577)
<b>Net current assets</b>		<u>23,089</u>	<u>22,429</u>
<b>Total assets less current liabilities</b>		<u>62,422</u>	<u>60,220</u>
<b>Provisions for liabilities</b>			
Deferred tax	19	(2,702)	(2,934)
Provision	20	(523)	-
		<u>(3,225)</u>	<u>(2,934)</u>
<b>Net assets</b>		<u>59,197</u>	<u>57,286</u>
<b>Capital and reserves</b>			
Called up share capital	21	31,196	31,196
Share premium account		1,648	1,648
Profit and loss account		26,353	24,442
		<u>59,197</u>	<u>57,286</u>

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

  
P. Wynn  
(Chairman) Director

  
A.P. Sharpe  
Director

The notes on pages 13 to 32 form part of these financial statements.

**LONDONWASTE LIMITED**

**STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 DECEMBER 2016**

	Called up share capital £000	Share premium account £000	Profit and loss account £000	Total equity £000
At 1 January 2016	31,196	1,648	24,442	57,286
<b>Comprehensive income for the year</b>				
Profit for the year	-	-	2,229	2,229
Actuarial losses on pension scheme	-	-	(318)	(318)
<b>At 31 December 2016</b>	<b>31,196</b>	<b>1,648</b>	<b>26,353</b>	<b>59,197</b>

**STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 DECEMBER 2015**

	Called up share capital £000	Share premium account £000	Profit and loss account £000	Total equity £000
At 1 January 2015	31,196	1,648	21,823	54,667
<b>Comprehensive income for the year</b>				
Profit for the year	-	-	3,284	3,284
Actuarial gains on pension scheme	-	-	419	419
Deferred tax on actuarial gains	-	-	(84)	(84)
Dividends: Equity capital	-	-	(1,000)	(1,000)
<b>At 31 December 2015</b>	<b>31,196</b>	<b>1,648</b>	<b>24,442</b>	<b>57,286</b>

The notes on pages 13 to 32 form part of these financial statements.

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**LONDONWASTE LIMITED**

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**STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED 31 DECEMBER 2016**

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	2016 £000	2015 £000
<b>Cash flows from operating activities</b>		
Profit for the financial year	2,229	3,284
<b>Adjustments for:</b>		
Depreciation of tangible assets	4,387	3,950
Profit on disposal of tangible assets	(17)	-
Interest paid	51	47
Interest received	(86)	(102)
Taxation charge	537	732
(Increase)/decrease in stocks	(178)	164
(Increase)/decrease in debtors	(1,832)	1,914
Decrease in amounts owed by groups	954	720
Increase/(decrease) in creditors	5,965	(2,529)
Increase in provisions	523	-
(Decrease) in amounts owed to groups	(6)	(1,081)
Difference between pension charge and cash contributions	(219)	(556)
Corporation tax (paid)	(1,025)	(114)
Other finance (income)/costs	(99)	11
<b>Net cash generated from operating activities</b>	<b>11,184</b>	<b>6,440</b>

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LONDONWASTE LIMITED

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STATEMENT OF CASH FLOWS (CONTINUED)  
FOR THE YEAR ENDED 31 DECEMBER 2016

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	2016 £000	2015 £000
<b>Cash flows from investing activities</b>		
Purchase of tangible fixed assets	(5,930)	(3,406)
Interest received	86	102
Sale of assets	17	-
<b>Net cash from investing activities</b>	<b>(5,827)</b>	<b>(3,304)</b>
<b>Cash flows from financing activities</b>		
Dividends paid	-	(1,000)
Interest paid	(51)	(47)
<b>Net cash used in financing activities</b>	<b>(51)</b>	<b>(1,047)</b>
<b>Net increase in cash and cash equivalents</b>	<b>5,306</b>	<b>2,089</b>
Cash and cash equivalents at beginning of year	21,546	19,457
<b>Cash and cash equivalents at the end of year</b>	<b>26,852</b>	<b>21,546</b>
<b>Cash and cash equivalents at the end of year comprise:</b>		
Cash at bank and in hand	26,852	21,546
	<b>26,852</b>	<b>21,546</b>

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## **LONDONWASTE LIMITED**

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### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016**

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#### **1. General information**

These financial statements are presented in Pounds Sterling (GBP), as that is the currency in which the majority of the company's transactions are denominated. They comprise the financial statements of the company for the period ended 31 December 2016 and presented to the nearest £'000.

The Company is a United Kingdom company limited by shares. It is both incorporated and domiciled in England and Wales. The address of its registered office is Ecopark, Advent Way, Edmonton, London, N18 3AG.

#### **2. Accounting policies**

##### **2.1 Basis of preparation of financial statements**

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102 (FRS 102), the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

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 3).

These financial statements represent the individual entity and not the consolidated financial group position.

The following principal accounting policies have been applied:

##### **2.2 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 2017 and these financial statements may be obtained from <http://www.nlwa.gov.uk/>.

##### **2.3 Turnover**

Revenue is recognised by the company in respect of goods and services supplied during the year, exclusive of Value Added Tax. 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.



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## LONDONWASTE LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

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#### 2. Accounting policies (continued)

##### 2.4 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.

The Company currently has a capitalisation threshold for assets of £1,000.

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	- 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
Works on freehold land	- 2% 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 in the Statement of Comprehensive Income.

##### 2.5 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.

##### 2.6 Debtors

Short term debtors are measured at transaction price, less any impairment.

##### 2.7 Cash

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours.

##### 2.8 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.

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## **LONDONWASTE LIMITED**

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### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016**

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#### **2. Accounting policies (continued)**

##### **2.9 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.

##### **2.10 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.

##### **2.11 Operating leases**

Rentals paid under operating leases are charged to the Statement of Comprehensive Income on a straight line basis over the lease term.

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight line basis over the lease term, unless another systematic basis is representative of the time pattern of the lessee's benefit from the use of the leased asset.

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## LONDONWASTE LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

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## 2. Accounting policies (continued)

### 2.12 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 payment obligations.

The contributions are recognised as an expense in the Statement of Comprehensive Income 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.

Where the plan is an asset (surplus) at the year-end, this is not recognised in the Statement of Financial Position. Where the plan is a liability at the year-end, this is recognised in the Statement of Financial Position in respect of the defined benefit plan as the present value of the defined benefit obligation at the end of the reporting date less the fair value of plan assets at the reporting date (if any) out of which the obligations are to be settled.

The defined benefit obligation is calculated using the projected unit credit method. Annually the company engages independent actuaries to calculate the obligation. 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.

### 2.13 Interest income

Interest income is recognised in the Statement of Comprehensive Income using the effective interest method.

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## LONDONWASTE LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

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#### 2. Accounting policies (continued)

##### 2.14 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 Statement of Comprehensive Income 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.

##### 2.15 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in the Statement of Comprehensive Income, 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 United Kingdom 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.

##### 2.16 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.

##### 2.17 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.

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## LONDONWASTE LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

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

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

- Determine whether leases entered into by the company either as a lessor or a lessee are operating 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 14)

Tangible fixed assets, other than freehold land, 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 23)

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

#### 4. Turnover

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

All turnover arose within the United Kingdom.

#### 5. Operating profit

The operating profit is stated after charging:

	2016 £000	2015 £000
Depreciation of tangible fixed assets	4,387	3,950
Amortisation of grants	(113)	(113)
Rent - operating leases	107	106
Other operating leases	758	639
Defined benefit pension cost	409	610

During the year, the value of inventories that were expensed into the profit and loss account amounted to £1,995,000.

**LONDONWASTE LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2016**

**6. Auditors' remuneration**

	<b>2016</b>	<b>2015</b>
	<b>£000</b>	<b>£000</b>
Fees payable to the Company's auditor and its associates for the audit of the Company's annual financial statements	<b>37</b>	<b>40</b>
<b>Fees payable to the Company's auditor and its associates in respect of:</b>		
Other services relating to taxation	<b>7</b>	<b>10</b>
All other services	<b>4</b>	<b>1</b>
	<b>11</b>	<b>11</b>

**7. Employees**

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

	<b>2016</b>	<b>2015</b>
	<b>£000</b>	<b>£000</b>
Wages and salaries	<b>11,839</b>	<b>10,997</b>
Social security costs	<b>1,161</b>	<b>1,054</b>
Cost of defined benefit scheme	<b>409</b>	<b>610</b>
Cost of defined contribution scheme	<b>190</b>	<b>149</b>
	<b>13,599</b>	<b>12,810</b>

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

	<b>2016</b>	<b>2015</b>
	<b>No.</b>	<b>No.</b>
Average number of persons employed by the company	<b>267</b>	<b>248</b>

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**LONDONWASTE LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2016**

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**8. Directors' remuneration**

	<b>2016</b>	<b>2015</b>
	<b>£000</b>	<b>£000</b>
Directors' emoluments	<b>570</b>	<b>481</b>
Company contributions to defined contribution pension schemes	<b>22</b>	<b>20</b>
Compensation for loss of office	<b>30</b>	<b>-</b>
	<b>622</b>	<b>501</b>

During the year retirement benefits were accruing to 6 directors (2015 - 6) in respect of defined contribution pension schemes.

During the year retirement benefits were accruing to no directors (2015 - 1) in respect of defined benefit pension schemes.

The highest paid director received remuneration of £187,000 (2015 - £127,000).

The value of the company's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £14,630 (2015 - £13,000).

**9. Interest receivable**

	<b>2016</b>	<b>2015</b>
	<b>£000</b>	<b>£000</b>
Other interest receivable	<b>86</b>	<b>102</b>
	<b>86</b>	<b>102</b>

**10. Interest payable and similar charges**

	<b>2016</b>	<b>2015</b>
	<b>£000</b>	<b>£000</b>
Loans from group undertakings	<b>51</b>	<b>44</b>
Other interest payable	<b>-</b>	<b>3</b>
	<b>51</b>	<b>47</b>

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**LONDONWASTE LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2016**

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**11. Other finance income/(costs)**

	<b>2016</b>	<b>2015</b>
	<b>£000</b>	<b>£000</b>
Interest income on pension scheme assets	<b>1,060</b>	<b>977</b>
Interest cost on pension scheme liabilities	<b>(961)</b>	<b>(988)</b>
	<b>99</b>	<b>(11)</b>

**12. Taxation**

	<b>2016</b>	<b>2015</b>
	<b>£000</b>	<b>£000</b>
<b>Corporation tax</b>		
Current tax on profits for the year	<b>766</b>	<b>954</b>
Adjustments in respect of previous periods	<b>2</b>	<b>(2)</b>
	<b>768</b>	<b>952</b>
<b>Total current tax</b>	<b>768</b>	<b>952</b>
<b>Deferred tax</b>		
Origination and reversal of timing differences	<b>(48)</b>	<b>102</b>
Changes to tax rates	<b>(161)</b>	<b>(326)</b>
Over/(under) provided	<b>(22)</b>	<b>4</b>
<b>Total deferred tax</b>	<b>(231)</b>	<b>(220)</b>
<b>Taxation on profit on ordinary activities</b>	<b>537</b>	<b>732</b>



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**LONDONWASTE LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2016**

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**12. Taxation (continued)****Factors affecting tax charge for the year**

The tax assessed for the year is lower than (2015 - lower than) the standard rate of corporation tax in the UK of 20% (2015 - 20.25%). The differences are explained below:

	<b>2016 £000</b>	<b>2015 £000</b>
Profit on ordinary activities before tax	<b>2,766</b>	<b>4,016</b>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 20% (2015 - 20.25%)	<b>553</b>	<b>813</b>
<b>Effects of:</b>		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	<b>248</b>	<b>243</b>
Adjustments to tax charge in respect of prior periods	<b>(19)</b>	<b>(2)</b>
Adjustments to deferred tax in respect of prior years	<b>8</b>	<b>4</b>
Adjustment of deferred tax to average rate of 20% (2015 - 20.25%)	<b>(162)</b>	<b>(326)</b>
Non-taxable income	<b>(23)</b>	<b>-</b>
Additional deduction for land remediation expenditure	<b>(5)</b>	<b>-</b>
Other permanent differences	<b>(63)</b>	<b>-</b>
<b>Total tax charge for the year</b>	<b>537</b>	<b>732</b>

**13. Dividends**

	<b>2016 £000</b>	<b>2015 £000</b>
Dividends on equity capital	<b>-</b>	<b>1,000</b>
	<b>-</b>	<b>1,000</b>

**LONDONWASTE LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2016**

**14. Tangible fixed assets**

	Freehold property £000	Plant and machinery £000	Motor vehicles £000	Office equipment £000	Capital work in progress £000	Total £000
<b>Cost or valuation</b>						
At 1 January 2016	31,490	82,947	1,690	7,346	949	124,422
Additions	-	45	61	152	5,719	5,977
Disposals	-	-	(141)	(26)	-	(167)
Transfers between classes	484	3,858	212	89	(4,643)	-
Prior year adjustment	-	-	-	(18)	(30)	(48)
At 31 December 2016	<u>31,974</u>	<u>86,850</u>	<u>1,822</u>	<u>7,543</u>	<u>1,995</u>	<u>130,184</u>
<b>Depreciation</b>						
At 1 January 2016	16,803	61,851	1,364	6,613	-	86,631
Charge for period	408	3,476	217	286	-	4,387
Disposals	-	-	(141)	(26)	-	(167)
At 31 December 2016	<u>17,211</u>	<u>65,327</u>	<u>1,440</u>	<u>6,873</u>	<u>-</u>	<u>90,851</u>
<b>Net book value</b>						
At 31 December 2016	<u>14,763</u>	<u>21,523</u>	<u>382</u>	<u>670</u>	<u>1,995</u>	<u>39,333</u>
At 31 December 2015	<u>14,687</u>	<u>21,096</u>	<u>326</u>	<u>733</u>	<u>949</u>	<u>37,791</u>

Included in land and buildings is freehold land at cost of £11,775,000 (2015 - £11,775,000) which is not depreciated.

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**LONDONWASTE LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2016**

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**15. Stocks**

	<b>2016 £000</b>	<b>2015 £000</b>
Consumables	<b>1,822</b>	<b>1,644</b>
	<b>1,822</b>	<b>1,644</b>

**16. Debtors**

	<b>2016 £000</b>	<b>2015 £000</b>
Trade debtors	<b>1,624</b>	<b>710</b>
Amounts owed by group undertakings	<b>5,269</b>	<b>6,223</b>
Other debtors	<b>1</b>	<b>-</b>
Prepayments and accrued income	<b>2,800</b>	<b>1,883</b>
	<b>9,694</b>	<b>8,816</b>

**17. Creditors: Amounts falling due within one year**

	<b>2016 £000</b>	<b>2015 £000</b>
Trade creditors	<b>4,900</b>	<b>2,997</b>
Amounts owed to group undertakings	<b>237</b>	<b>243</b>
Corporation tax	<b>391</b>	<b>647</b>
Other taxation and social security	<b>702</b>	<b>802</b>
Other creditors	<b>67</b>	<b>45</b>
Accruals and deferred income	<b>8,982</b>	<b>4,843</b>
	<b>15,279</b>	<b>9,577</b>

**LONDONWASTE LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2016**

**18. Financial instruments**

	2016 £000	2015 £000
<b>Financial assets</b>		
Financial assets measured at fair value through profit or loss	26,852	21,546
Financial assets that are debt instruments measured at amortised cost	6,895	6,933
	<u>33,747</u>	<u>28,479</u>
<b>Financial liabilities</b>		
Financial liabilities measured at amortised cost	(14,185)	(8,128)
	<u>(14,185)</u>	<u>(8,128)</u>

Financial assets measured at fair value through profit or loss comprise cash.

Financial assets measured at amortised cost comprise trade debtors and other debtors.

Financial liabilities measured at amortised cost comprise trade creditors, accruals, amounts owed to group companies and other creditors.

**19. Deferred taxation**

	2016 £000
At beginning of year	(2,934)
Charged to profit or loss	232
Charged to other comprehensive income	-
Utilised in year	-
<b>At end of year</b>	<u>(2,702)</u>

The provision for deferred taxation is made up as follows:

	2016 £000
Accelerated capital allowances	(2,702)
	<u>(2,702)</u>

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**LONDONWASTE LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2016**

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**20. Provisions**

	<b>2016 £000</b>
Charged to profit or loss	<b>523</b>
<b>At 31 December 2016</b>	<b>523</b>

In December 2016 the Company announced a restructuring of working practices and consolidation of employee terms and conditions. It is now in a period of consultation with employees and negotiations with Trades Unions on how to implement these changes. A provision of £523,000 has been made in the Company accounts for the potential costs associated with this programme.

**21. Share capital**

	<b>2016 £000</b>	<b>2015 £000</b>
<b>Shares classified as equity</b>		
<b>Allotted, called up and fully paid</b>		
31,195,874 Ordinary shares of £1 each	<b>31,196</b>	<b>31,196</b>

The share premium reserve reflects consideration received for shares issued above the nominal value of the shares. There is no restriction on the use of this amount.

**22. Capital commitments**

At 31 December 2016 the Company had capital commitments as follows:

	<b>2016 £000</b>	<b>2015 £000</b>
Contracted for but not provided in these financial statements	<b>4,229</b>	<b>2,632</b>
	<b>4,229</b>	<b>2,632</b>

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**LONDONWASTE LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2016**

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**23. Pension commitments**

The company's pension arrangements comprise a group personal pension scheme (defined contribution scheme) and a defined benefit scheme. The most recent actuarial valuation for the defined benefit scheme took place on the 1st January 2015.

**Defined contribution scheme**

During the year the company made contributions of £190,000 (2015 - £149,000) to its defined contribution scheme and other personal pension arrangements for employees.

**Defined benefit 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:

	2016 £000	2015 £000
<b>Reconciliation of present value of plan liabilities</b>		
At the beginning of the year	(25,625)	(28,085)
Current service cost	(409)	(610)
Interest cost	(961)	(988)
Actuarial gains/losses	(5,902)	3,663
Contributions	(115)	(130)
Benefits paid	1,656	525
<b>At the end of the year</b>	<b>(31,356)</b>	<b>(25,625)</b>

	2016 £000	2015 £000
<b>Reconciliation of present value of plan assets</b>		
At the beginning of the year	27,912	27,121
Interest income	1,060	977
Actuarial gains/losses	3,941	(957)
Contributions	743	1,296
Benefits paid	(1,656)	(525)
<b>At the end of the year</b>	<b>32,000</b>	<b>27,912</b>

# LONDONWASTE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

### 23. Pension commitments (continued)

Composition of plan assets:

	2016 %	2015 %
The major categories of scheme assets as a percentage of total scheme assets are as follows:		
Equity	50	48
Debt	13	41
Other	37	11
<b>Total plan assets</b>	<b>100</b>	<b>100</b>

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.

	2016 £000	2015 £000
Fair value of plan assets	32,000	27,912
Present value of plan liabilities	(31,356)	(25,625)
Less derecognition of surplus	(644)	(2,287)
<b>Net pension scheme liability</b>	<b>-</b>	<b>-</b>

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

The amounts recognised in profit or loss in respect of the pension scheme are as follows:

	2016 £000	2015 £000
Current service cost	(409)	(610)
Interest cost on defined benefit obligation	(961)	(988)
Interest income on scheme assets	1,060	977
<b>Total</b>	<b>(310)</b>	<b>(621)</b>
Actual return on scheme assets	-	20

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**LONDONWASTE LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2016**

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**23. Pension commitments (continued)**

The current service cost is £409,000 (2015 - £610,000) included in cost of sales. The net finance (income)/cost on scheme assets and obligations is (£99,000) (2015 - £11,000) included in other finance costs.

	<b>2016 £000</b>	<b>2015 £000</b>
<b>Analysis of actuarial gain/(loss)</b>		
Actual return less interest income included in net interest income	<b>3,941</b>	<b>(957)</b>
Experience gains and losses arising on the scheme liabilities	<b>105</b>	<b>1,903</b>
Changes in assumptions underlying the present value of the scheme liabilities	<b>(6,007)</b>	<b>1,760</b>
	<b>(1,961)</b>	<b>2,706</b>



**LONDONWASTE LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2016**

**23. Pension commitments (continued)**

Principal actuarial assumptions at the Statement of Financial Position date (expressed as weighted averages):

	<b>2016</b>	<b>2015</b>
	<b>%</b>	<b>%</b>
Discount rate at 31 December	<b>2.65</b>	<b>3.80</b>
Future salary increases	<b>3.70</b>	<b>3.55</b>
Future pension increases	<b>3.30</b>	<b>3.20</b>

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

Defined benefit pension schemes

	<b>2016</b>	<b>2015</b>	<b>2014</b>	<b>2013</b>	<b>2012</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
Defined benefit obligation	<b>(31,356)</b>	<b>(25,625)</b>	<b>(28,085)</b>	<b>(24,571)</b>	<b>(23,957)</b>
Scheme assets	<b>31,356</b>	<b>25,625</b>	<b>27,121</b>	<b>24,105</b>	<b>20,373</b>
<b>Deficit</b>	<b>-</b>	<b>-</b>	<b>(964)</b>	<b>(466)</b>	<b>(3,584)</b>
Experience adjustments on scheme liabilities	<b>105</b>	<b>1,903</b>	<b>371</b>	<b>140</b>	<b>1,006</b>
Experience adjustments on scheme assets	<b>3,941</b>	<b>(957)</b>	<b>761</b>	<b>1,967</b>	<b>969</b>
	<b>4,046</b>	<b>946</b>	<b>1,132</b>	<b>2,107</b>	<b>1,975</b>

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## LONDONWASTE LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

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#### 24. Commitments under operating leases

At 31 December 2016 the Company had future minimum lease payments under non-cancellable operating leases as follows:

	2016 £000	2015 £000
<b>Plant and Machinery</b>		
Not later than 1 year	775	396
Later than 1 year and not later than 5 years	1,160	565
	<u>1,935</u>	<u>961</u>
	2016 £000	2015 £000
<b>Land and Buildings</b>		
Not later than 1 year	110	107
Later than 1 year and not later than 5 years	456	445
Later than 5 years	473	584
	<u>1,039</u>	<u>1,136</u>

#### 25. Related party transactions

The directors are of the opinion that, as at 31 December 2016, 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 33.11A 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.

#### 26. 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/>.

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## LONDONWASTE LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

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#### 27. Subsidiary undertakings

The following were subsidiary undertakings of the Company:

Name	Holding	Principal activity
LondonWaste Recycling Limited	100 %	Dormant
London EcoPark Limited	100 %	Dormant
EcoPark Limited	100 %	Dormant
LondonEnergy Limited	100 %	Dormant
North LondonEnergy Limited	100 %	Dormant
North LondonEco Limited	100 %	Dormant
LondonEco Limited	100 %	Dormant
North London Heat and Power Limited	100 %	Dormant