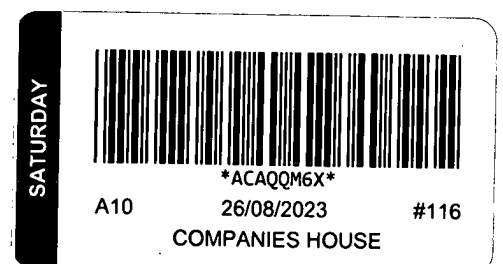


**Registered Number: 03618688 (England and Wales)**

**Severn Waste Services Limited**  
**Annual Report and Financial Statements**  
**for the Year Ended 31 December 2022**



**SEVERN WASTE SERVICES LIMITED**  
**Annual Report and Financial Statements**  
**For the financial year ended 31 December 2022**

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**SEVERN WASTE SERVICES LIMITED**  
**COMPANY INFORMATION**  
**For the financial year ended 31 December 2022**

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<b>DIRECTORS:</b>	FCC Environment Services (UK) Limited Urbaser Limited P Taylor (appointed 24 May 2022) A Serrano Minchan (resigned 11 February 2022) J Peiro Balaguer
<b>SECRETARY:</b>	TMF Corporate Administration Services Limited
<b>REGISTERED OFFICE:</b>	The Marina Kings Road Evesham Worcestershire England WR11 3XZ
<b>REGISTERED NUMBER</b>	03618688 (England and Wales)
<b>AUDITOR:</b>	Ernst & Young LLP The Paragon Counterslip Bristol BS1 6BX
<b>BANKER:</b>	HSBC Plc PO Box 4 6 Broad Street Worcester WR1 2EJ
<b>SOLICITORS:</b>	Harrison Clark Rickerbys LLP 5 Deansway Worcester WR1 2JG

**SEVERN WASTE SERVICES LIMITED**  
**STRATEGIC REPORT**  
**For the financial year ended 31 December 2022**

The Directors present their Strategic Report on the affairs of Severn Waste Services Limited (the "Company"), together with the audited financial statements for the year ended 31 December 2022.

**PRINCIPAL ACTIVITIES**

The Company operates all of the waste management facilities of Mercia Waste Management Limited ("Mercia"), a fellow company under common control of the two joint controlling parties, under the terms of an Operation and Maintenance Services Agreement ("OMA"). The Company is responsible for performing the obligations of the agreement for a management fee. In addition, reimbursable operating costs are received from Mercia.

Mercia's contract with the councils, the County of Herefordshire District Council and Worcestershire County Council (the Councils), has been extended from December 2022 and now runs until January 2029 having commenced in December 1998.

**REVIEW OF THE BUSINESS**

During 2022 the directors and senior management worked at length with the Councils and on 30 December 2022 an extension to the waste management contract between the Councils and Mercia was granted for an additional five years. At the same time the OMA was also extended to the same January 2029 end date.

As shown in the Company's Profit and Loss Account on page 12, the Company's sales have increased by 9.1% (£3.3 million) from the prior year (2021: increased by 8.7%, £2.9 million). The increase in 2022 reflects the volume and cost of work chargeable to Mercia. Sales are considered to be the Key Performance Indicator of the business.

The Balance Sheet on page 13 of the financial statements shows the Company's financial position at the year end. The increase in net assets is attributed to the post-tax profit for the year of £4,710 (2021: £201).

The Company's cash balances increased to £2,665,421 in 2022 from £1,021,969 in 2021. The increase is due to the sale of stocks to Mercia and timing differences on payments.

The Company has important relationships with external regulatory and licencing bodies such as the Environment Agency. A robust system of internal review and monitoring by external auditors to maintain high levels of performance and compliance with Health, Safety and Environmental targets is in place.

The Company maintained certification with ISO 9001 (Quality Management Systems) and 14001 (Environmental Management Systems) and ISO 45001 in respect of Occupational Health and Safety Management Systems.

The directors confirm that there are no significant events arising since the Balance Sheet date.

**RESULTS AND DIVIDENDS**

The profit for the year is set out on page 14. The directors do not recommend payment of a dividend (2021: £nil) and the profit of £4,710 (2021: £201) has been transferred to reserves.

**PRINCIPAL RISKS AND UNCERTAINTIES**

The Directors consider that principal risks faced by the Company are mitigated by the OMA contract held with Mercia which as mentioned elsewhere has now been extended to January 2029. Operational risks are managed via rigorous Quality, Health, Safety and Environmental management.

**FUTURE DEVELOPMENTS**

Due to the OMA that the Company enjoys with Mercia, its income and costs are largely determined by the Contractual relationship that Mercia has with the Councils. Mercia and Severn are committed to working together to continue to meet the requirements of the Councils in Waste Management as they evolve moving forward.

**SEVERN WASTE SERVICES LIMITED**  
**STRATEGIC REPORT (continued)**  
**For the financial year ended 31 December 2022**

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**STATEMENT IN RESPECT OF S172 (1) OF THE COMPANIES ACT 2006**

The Directors of the Company are fully cognisant of their duty under Section 172 (1) (a) to (f) of the Companies Act 2006 to act in the way which they consider would be the most likely to promote the success of the Company for the benefit of the members as a whole, and in doing so have regard (amongst other matters) to the following:

- The likely consequences of any decision in the long term

The Directors fulfil their duties by ensuring that there is an appropriate structure and process for governance running through the Company's operations. The Company's strategy is the result of careful consideration by both the Board and the senior management team. Full consideration is given to the Company's ability to fulfil its financial obligations and objectives, including its resilience in the face of new and existing risks.

- The interest of the Company's employees

The Directors acknowledge the overriding importance of having capable, suitably qualified staff and take care to ensure that appropriate recruitment and retention policies are in place. The Company engages with its employees in several ways including undertaking a staff survey which is reviewed by senior management and publishing a regular newsletter. High and consistent standards are maintained by the HR Manager or via external resources where required. Further information is contained in the Director's Report.

- The need to foster the Company's business relationships with suppliers, customers and others

The Company's interactions with suppliers, customers and others are informed by reviews with third party organisations, internal statistical review and research, and are subject to regular discussion and inspection. The Company's relationship with the Environment Agency is critical to its operations, the Directors recognise this and ensure, in conjunction with the Management Team, that the Company's Sites are operated to appropriately high standards.

- The impact of the Company's operations on the community and the environment

The Company's response to its environmental obligations are at the core of our work. We work with, and take advice from suitably qualified third parties where appropriate and have senior management teams set up to review Site performance on a regular basis. Our interaction with the public includes attending Community Liaison groups near to our main facilities and employing an Education Officer who holds lessons for school children on recycling and reuse as well as welcoming other age groups to our recycling facility. The Company is a long-term supporter of the local wildlife trusts in the two counties and has contributed over £10m via the Landfill Communities Fund since its inception. Further information is contained in the Director's Report.

- The desirability of the Company maintaining a reputation for high standards of business conduct

The Company engages Directors of suitable experience and knowledge of the responsibilities and duties inherent in their role within the Company. A regular dialogue between the Directors is augmented by the flow of relevant information from senior staff. The Directors seek to maintain high standards in their conduct at all times and see high standards of business conduct as being fundamental to the success of the Company both financially and across all its interactions with other companies, staff, regulators and the wider community.

- The need to act fairly between members of the Company

Fairness in the treatment of the members of the Company is controlled by legal agreements between the joint owners in terms of Board appointments and other transactions. The Board and senior management team ensure that this balance is maintained at all times.

**SEVERN WASTE SERVICES LIMITED**  
**STRATEGIC REPORT (continued)**  
**For the financial year ended 31 December 2022**

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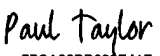
**THE DIRECTORS' APPROACH**

The Directors are in regular contact with the senior management team either directly or via the Company's internal reporting requirements and so are able to gauge compliance with the requirements of S172 across all relevant business disciplines. This is enhanced by an annual, external review of the Company's interactions with stakeholders.

**KEY DECISIONS IN THE YEAR**

As stated elsewhere the medium to longer term interests of stakeholders in the Company are now placed on a stronger footing via the extension to the agreement with Mercia to January 2029 signed in December 2022.

Approved by the Board of Directors and signed on behalf of the Board

DocuSigned by:  
  
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P Taylor - Director

Date: 28 June 2023

**SEVERN WASTE SERVICES LIMITED**  
**DIRECTORS' REPORT**  
**For the financial year ended 31 December 2022**

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The directors present their Annual Report and audited financial statements for the year ended 31 December 2022. The Group and Company's principal activities, review of the business, results and dividends, future developments and principal risks and uncertainties are presented in the Strategic Report and form part of this report by cross reference.

**GOING CONCERN**

The Company has sufficient financial resources to meet its day-to-day requirements, and as a consequence the directors believe that the Company is well placed to manage its business risks successfully. The Company has continued to fulfil the OMA agreement on behalf of Mercia Waste Management Limited. The directors believe after making enquiries, that Mercia Waste Management Limited will continue to be able to pay the sums invoiced to it for the foreseeable future.

The directors have reviewed the Company's current cash position, cash flow forecasts and projections for the period ended 30 June 2024, which show that the Company expects to be able to continue to meet its liabilities as they fall due for the next 12 months from the date of the approval of these financial statements. The directors therefore have a reasonable expectation that the Company has adequate resources to continue in operational existence thus they continue to adopt the going concern basis in preparing the financial statements.

**FUTURE DEVELOPMENTS**

Details of future developments can be found in the Strategic Report on page 3 and form part of this report by cross-reference.

**EVENTS AFTER THE BALANCE SHEET DATE**

There were no material events after the Balance Sheet date.

**FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES**

The Company's activities expose it to a number of financial risks including cash flow risk and liquidity risk. These factors are managed by senior financial staff at the direction of the Board.

***Cash flow risk***

The Company's principal financial assets are bank balances and receivables. The only significant receivable at the end of the period is that owed by the related party, Mercia Waste Management Limited via the OMA which gives the Company various contractual rights relating to payment. Mercia's credit rating is good and therefore the risk to Severn Waste Services is viewed as being minimal.

***Liquidity risk***

The Company manages the majority of its liquidity risk via cash. The cash is received via a contractual relationship with Mercia Waste Management Limited a related company which as noted above has a good credit rating.

**DIRECTORS**

The directors, who served during the financial year and to the date of this report except as noted, were as follows:

FCC Environment Services (UK) Limited

Urbaser Limited

J Peiro Balaguer

A Serrano Minchan (Resigned 11 February 2022)

P Taylor (appointed 24<sup>th</sup> May 2022)

**DISABLED EMPLOYEES**

The Company recognises its responsibilities towards disabled persons and therefore, where applicable, applications for employment are considered bearing in mind the respective aptitudes and abilities of the candidate. Where an applicant is judged, for reasons related to their disability, to have failed to meet the requirements of a job description, consideration will be given to whether an adjustment can be made to the role, to counteract any disability related disadvantage. In the event of existing employees becoming disabled, every effort is made to ensure that their employment can continue. It is the policy of the Company that the training and development of a disabled employee should as far as possible be the same as that of an able-bodied person.

**SEVERN WASTE SERVICES LIMITED**  
**DIRECTORS' REPORT (continued)**  
**For the financial year ended 31 December 2022**

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**DONATIONS**

The Company made no political donations in the year (2021: £nil).

Charitable contributions of £357,763 (2021: £268,261) were made by the Company via the Landfill Communities Fund. The net cost to the Company of these payments was £35,776 (2021: £26,826).

**COMMUNITY AND ENVIRONMENT**

The Company's activities often are directly involved with, and have a bearing on, the natural environment. The directors are fully aware of the situation and the Company has quality systems in place to ensure that it complies with all relevant standards and legislation. These systems are regularly audited. The Company has supported a number of Community and Environmental endeavours during the year and continued with its long-term support of the Worcestershire and Herefordshire Wildlife Trusts as well as the Vale Landscape Heritage Trust ("VLHT") an organisation which conserves and enhances land near to the Company's Landfill Site. VLHT undertook to provide grants to other environmental bodies as well as utilising the funding for its own purposes.

**EMPLOYEE ENGAGEMENT**

The directors are fully aware of the Company's need to be able to recruit and retain staff capable of fulfilling the Company's various commitments. During the year the Company undertook various initiatives, among them work was undertaken toward an Employee Wellbeing programme which was launched in January 2023 and as from February 2023 all employees are covered by a Death in Service scheme. Greater job security is now that the Contract extension is in place.

**BUSINESS RELATIONSHIPS**

The directors recognise the importance of promoting and nurturing positive relationships with the Company's customers and suppliers which are seen as fundamental in fulfilling many of the other obligations that the directors have toward its members.

The largest customers of Mercia are the Councils of Worcestershire and Herefordshire and the Company has regular meetings to ensure Mercia's obligations are being fulfilled. The Company encourages feedback from users of the Sites which are open to the Public.

The directors ensure that the Company's suppliers are properly assessed and treated appropriately, so that there is no impediment in terms of the relationship and the performance of services which benefit the Company and its members.

**AUDITOR**

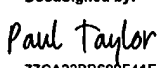
Each of the persons who is a director at the date of approval of this report confirms that:

- so far as the directors are aware, there is no relevant audit information of which the Company's auditor is unaware; and
- the directors have taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of S418 of the Companies Act 2006.

As expected, Deloitte LLP resigned following the approval of the 2021 Financial Statements, and the audit has transferred to the auditor of the two parent companies, Ernst & Young. The directors would like to thank Deloitte LLP for their diligent work and their assistance in ensuring a smooth transition.

Approved by the Board of Directors and signed on its behalf by:

DocuSigned by:  
  
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P Taylor - Director

Date: 28 June 2023



**SEVERN WASTE SERVICES LIMITED**  
**DIRECTORS' RESPONSIBILITY STATEMENT**  
**For the financial year ended 31 December 2022**

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

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

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF  
SEVERN WASTE SERVICES LIMITED  
for the financial year ended 31 December 2022**

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**Opinion**

We have audited the financial statements of Severn Waste Services Limited for the year ended 31 December 2022 which comprise the Profit and Loss Account, the Balance Sheet, Statement of cash flows, the Statement of comprehensive income, the Statement of changes in equity and the related notes 1 to 17, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the company's affairs as at 31 December 2022 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.

**Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**Conclusions relating to going concern**

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

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period from when the financial statements are authorised for issue through until 30 June 2024.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the company's ability to continue as a going concern.

**Other information**

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact.

We have nothing to report in this regard.

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF  
SEVERN WASTE SERVICES LIMITED (continued)  
for the financial year ended 31 December 2022**

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**Opinions on other matters 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 directors' report have been prepared in accordance with applicable legal requirements.

**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 directors' report.

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

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

**Responsibilities of directors**

As explained more fully in the directors' responsibilities statement set out on page 8, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

**Auditor's responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

***Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud***

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect irregularities, including fraud. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below. However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the entity and management.

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the company and determined that the most significant are those that relate to the reporting framework (FRS 102 and the Companies Act 2006) and compliance with the relevant direct and indirect tax regulation in the United Kingdom. In addition, the Company has to comply with laws and regulations relating to its operations, including health and safety.
- We understood how Severn Waste Services Limited is complying with those frameworks by making inquiries of management and those charged with governance to understand how the company maintains and communicates its policies and procedures in these areas. We understood any controls put in place by management to reduce the opportunities for fraudulent transactions. We performed procedures, including reading minutes of the board meetings and making enquiries with the management for any correspondence of non-compliance with the tax authorities, and noted no significant issues. We performed journal entry testing to ensure that there are no

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF  
SEVERN WASTE SERVICES LIMITED (continued)  
for the financial year ended 31 December 2022**

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unusual legal or penalty expenses incurred during the year and to ensure that the management is in compliance with the applicable framework.

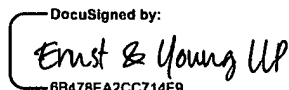
- We assessed the susceptibility of the company's financial statements to material misstatement, including how fraud might occur through internal team conversations and inquiry of management and those charged with governance. Through these procedures we determined there to be a fraud risk of management override associated with revenue recognition, and in particular the manual revenue journals around the year end. In relation to management override we used data analytics to sample from the entire population of journals, including manual journals to revenue, identifying specific transactions which did not meet our expectations based on specific criteria, to investigate to gain an understanding and agree to source documentation. We selected a sample of revenue transactions recorded before the year end and obtained documentation to verify the revenue recognition criteria had been met, we obtained documentation to verify that revenue adjustments had been recorded in the appropriate period.
- Based on this understanding we designed our audit procedures to identify noncompliance with such laws and regulations. Our procedures involved inquiry of management and those charged with governance with the no indication of non-compliance identified.

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

**Use of our report**

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

DocuSigned by:

  
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**Jane Barwell** (Senior statutory auditor)

for and on behalf of Ernst & Young LLP, Statutory Auditor

Bristol

28 June 2023

**SEVERN WASTE SERVICES LIMITED**  
**PROFIT AND LOSS ACCOUNT**  
**For the year ended 31 December 2022**

	Note	2022 £	2021 £
<b>TURNOVER</b>	<b>3</b>	40,074,315	36,730,214
Cost of Sales		(36,474,987)	(34,487,909)
<b>GROSS PROFIT</b>		<b>3,599,328</b>	<b>2,242,305</b>
Administrative Expenses		(3,599,328)	(2,276,918)
Other Operating Income		-	34,612
<b>OPERATING PROFIT/(LOSS)</b>		<b>-</b>	<b>(1)</b>
Finance costs and income (net)	<b>4</b>	5,221	249
<b>PROFIT BEFORE TAXATION</b>	<b>5</b>	<b>5,221</b>	<b>248</b>
Tax on Profit	<b>7</b>	(511)	(47)
<b>PROFIT FOR THE FINANCIAL YEAR</b>		<b>4,710</b>	<b>201</b>

All amounts relate to continuing operations.

There were no items of other comprehensive income or losses for the current or prior year other than those included in the Profit and Loss Account, accordingly no Statement of Other Comprehensive Income is presented.

**SEVERN WASTE SERVICES LIMITED**  
**BALANCE SHEET**  
**For the year ended 31 December 2022**

	Note	2022 £	2021 £
<b>CURRENT ASSETS</b>			
Stocks	8	527,278	1,510,410
Debtors: Amounts falling due within one year	9	4,400,171	3,788,419
Cash at bank and in hand		2,665,421	1,021,969
		<b>7,592,870</b>	<b>6,320,798</b>
<b>CREDITORS</b>			
Amounts falling due within one year	10	(5,830,277)	(4,583,862)
<b>NET CURRENT ASSETS</b>		<b>1,762,593</b>	<b>1,736,936</b>
<b>CURRENT ASSETS LESS CURRENT LIABILITIES</b>		<b>1,762,593</b>	<b>1,736,936</b>
<b>PROVISIONS FOR LIABILITIES AND CHARGES</b>	11	(1,402,534)	(1,381,587)
<b>NET ASSETS</b>		<b>360,059</b>	<b>355,349</b>
<b>CAPITAL AND RESERVES</b>			
Called-up share capital	13	250,000	250,000
Profit and loss account	13	110,059	105,349
<b>EQUITY SHAREHOLDERS' FUNDS</b>		<b>360,059</b>	<b>355,349</b>

The financial statements of Severn Waste Services Limited, company registration number 03618688, were approved by the Board of Directors and authorised for issue on 28 June 2023 and were signed on its behalf by:

DocuSigned by:

*Paul Taylor*

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P Taylor – Director

**SEVERN WASTE SERVICES LIMITED**  
**STATEMENT OF CHANGES IN EQUITY**  
**For the financial year ended 31 December 2022**

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	Called-up share capital £	Profit and loss account £	Total £
<b>Balance at 1 January 2021</b>	250,000	105,148	355,148
Profit for the financial year	-	201	201
<b>Total comprehensive income</b>	-	201	201
<b>Balance at 31 December 2021</b>	<b>250,000</b>	<b>105,349</b>	<b>355,349</b>
 <b>Balance at 1 January 2022</b>	 250,000	 105,349	 355,349
Profit for the financial year	-	4,710	4,710
<b>Total comprehensive income</b>	-	4,710	4,710
<b>Balance at 31 December 2022</b>	<b>250,000</b>	<b>110,059</b>	<b>360,059</b>

**SEVERN WASTE SERVICES LIMITED**  
**STATEMENT OF CASH FLOWS**  
**For the financial year ended 31 December 2022**

	Note	2022 £	2021 £
<b>Net cash flows from operating activities</b>	<b>15</b>	<u>1,639,692</u>	<u>(1,264,453)</u>
<b>Cash flows from investing activities</b>			
Interest received		<u>3,760</u>	<u>263</u>
<b>Net Cash flows from investing activities</b>		<u>3,760</u>	<u>263</u>
<b>Cash flows from financing activities</b>			
Interest paid		<u>-</u>	<u>(14)</u>
<b>Net cash flows used in financing activities</b>		<u>-</u>	<u>(14)</u>
<b>Net increase/(decrease) in cash</b>		<u><b>1,643,452</b></u>	<u><b>(1,264,204)</b></u>
<b>Cash at beginning of year</b>		<u>1,021,969</u>	<u>2,286,173</u>
<b>Cash at end of year</b>		<u><b>2,665,421</b></u>	<u><b>1,021,969</b></u>
<b>Reconciliation to cash at bank and in hand:</b>			
Cash at bank and in hand at end of year		<u>2,665,421</u>	<u>1,021,969</u>
<b>Cash at end of year</b>		<u><b>2,665,421</b></u>	<u><b>1,021,969</b></u>



**SEVERN WASTE SERVICES LIMITED**  
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**1. ACCOUNTING POLICIES**

The principal accounting policies are summarised below. They have all been applied consistently throughout the financial year and to the preceding financial year, unless otherwise stated.

**General information and basis of accounting**

Severn Waste Services Limited (the Company) is a private company, limited by shares, incorporated in the United Kingdom under the Companies Act 2006 and is registered in England and Wales. The address of the Company's registered office is The Marina, Kings Road, Evesham, Worcestershire, WR11 3XZ, United Kingdom.

The financial statements have been prepared under the historical cost convention and in accordance with Financial Reporting Standard 102 (FRS 102) issued by the Financial Reporting Council.

The functional currency of Severn Waste Services Limited is considered to be pounds sterling because that is the currency of the primary economic environment in which the Company operates.

**Going concern**

The Company has sufficient financial resources to meet its day to day working capital requirements, and as a consequence the directors believe that the Company is well-placed to manage its business risks successfully.

As explained in the Director's Report the Company relies on Mercia Waste Management Limited being able to fulfil its obligations via the Operating and Maintenance Agreement between the two parties.

The directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the period ending 30 June 2024. Thus, they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

**Turnover**

Turnover represents amounts receivable for services provided in the normal course of business, net of trade discounts and VAT. Turnover from the supply of services represents the value of services provided under contracts to the extent there is a right to consideration and is recorded at the value of the consideration due, and is recognised at the point at which the services are performed.

**Interest income**

Interest income is recognised when it is probable that the economic benefits will flow to the Company and the amount of revenue can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

**Employee benefits**

**Defined contribution schemes**

*Pensions*

The Company has defined contribution schemes, where amounts charged to the Profit and Loss Account in respect of pension costs and other retirement benefits are the contributions payable in the year. Differences between contributions payable in the year and contribution actually paid are shown as either accruals or prepayments in the Balance Sheet.

**SEVERN WASTE SERVICES LIMITED**  
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**Taxation**

Current tax, including UK corporation tax and foreign tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the Balance Sheet date.

Landfill Tax is incurred at the Company's Hill and Moor Site. The liability is paid quarterly to HMRC. The monthly cost is invoiced to Mercia Waste Management Limited.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the Balance Sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the Balance Sheet date. Timing differences are differences between the Company's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured using the tax rates and laws that have been enacted or substantively enacted by the Balance Sheet date that are expected to apply to the reversal of the timing difference.

Where items recognised in other comprehensive income or equity are chargeable to or deductible for tax purposes, the resulting current or deferred tax expense or income is presented in the same component of comprehensive income or equity as the transaction or other event that resulted in the tax expense or income.

Current tax assets and liabilities are offset only when there is a legally enforceable right to set off the amounts and the Company intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

Deferred tax assets and liabilities are offset only if: a) the Company has a legally enforceable right to set off current tax assets against current tax liabilities; and b) the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

**Leases**

**The Company as lessee**

Rentals under operating leases are charged on a straight-line basis over the lease term, even if the payments are not made on such a basis. Benefits received and receivable as an incentive to sign an operating lease are similarly spread on a straight-line basis over the lease term.

**Stocks**

Stocks consists wholly of consumables and is stated at the lower of cost and net realisable value. Cost is determined using the first in, first out (FIFO) method. Provision is made for obsolete, slow moving or defective items where appropriate.

**Financial instruments**

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instrument.

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

**Financial assets and liabilities**

All financial assets and liabilities are initially measured at transaction price (including transaction costs).

**SEVERN WASTE SERVICES LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the financial year ended 31 December 2022**

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Financial assets and liabilities are only offset in the Balance Sheet when, and only when there exists a legally enforceable right to set off the recognised amounts and the Company intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Debt instruments that are classified as payable or receivable within one year on initial recognition and which meet the above conditions are measured at the undiscounted amount of the cash or other consideration expected to be paid or received, net of impairment.

Debt instruments are subsequently measured at amortised cost using the effective interest method. The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Financial liabilities are derecognised only when the obligation specified in the contract is discharged, cancelled or expires.

Financial assets are derecognised when and only when a) the contractual rights to the cash flows from the financial asset expire or are settled, b) the Company transfers to another party substantially all of the risks and rewards of ownership of the financial asset, or c) the Company, despite having retained some, but not all, significant risks and rewards of ownership, has transferred control of the asset to another party.

**Equity instruments**

Equity instruments issued by the Company are recorded at the fair value of cash or other resources received or receivable, net of direct issue costs.

**Provisions**

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that the Company will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation. The following three policies relate to provisions held within the Company.

**Leachate provision**

The Company operates, via a Permit held with the Environment Agency, a Landfill owned by Mercia Waste Management Limited. The Company regularly monitors the levels of various elements (such as trace amounts of metals) that form part of the leachate which occurs within the Site as a normal part of the landfill process.

For further information on the critical judgements in respect of the leachate provision, please refer to note 2.

**2. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY**

In the application of the Company's accounting policies, which are described in note 1, the directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

**Critical judgements in applying the Company's accounting policies**

The following are the critical judgements, apart from those involving estimations (which are dealt with separately below), that the directors have made in the process of applying the Company's accounting policies and that have the most significant effect on the amounts recognised in the financial statements.

**Critical judgements**

There were no key sources of critical judgement noted in respect of the Company's financial statements for the year ended 31 December 2022.

**SEVERN WASTE SERVICES LIMITED**  
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**Key sources of estimation uncertainty**

The key sources of estimation uncertainty within the calculation of the leachate provision are:

- determining the level of saturation (the amount of liquid within a cubic metre of waste) which is based on industry standards and which is reviewed periodically,
- measuring and reviewing the constituent elements of the Leachate via laboratory testing,
- determining the most appropriate treatment of the liquid (either on or off site)
- the on-going cost of operation of the on-site treatment plant and the likely cost of future third party treatment.

Further information is shown in note 11 of the financial statements.

**3. TURNOVER**

All turnover was derived within the UK from services to the Company's fellow associated undertaking Mercia Waste Management Limited (see note 16).

	2022 £	2021 £
Waste Management Services	39,058,831	36,730,214
Sale of Stocks	1,015,484	-
	<u>40,074,315</u>	<u>36,730,214</u>

**4. FINANCE INCOME (NET)**

	2022 £	2021 £
Interest receivable and similar income	5,221	263
Interest payable and similar expenses	-	(14)
	<u>5,221</u>	<u>249</u>

**SEVERN WASTE SERVICES LIMITED**  
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**5. PROFIT BEFORE TAXATION**

Profit before taxation is stated after charging/(crediting):

	<b>2022</b>	<b>2021</b>
	<b>£</b>	<b>£</b>
Government grants	-	(34,612)
Operating lease rentals	360,527	421,122
Cost of stock recognised as an expense	5,728,580	3,392,039
Fees payable to the Company's auditor for the audit of the company's annual financial statements	42,500	29,300

There are no non-audit fees in either the current or prior period.

Government grants related to income from the Coronavirus Job Retention Scheme.

**6. STAFF NUMBER AND COSTS**

The average monthly number of employees (including directors) was:

	<b>2022</b>	<b>2021</b>
	<b>Number</b>	<b>Number</b>
Technical and administrative	27	26
Operational	298	299
	<b>325</b>	<b>325</b>

	<b>2022</b>	<b>2021</b>
	<b>£</b>	<b>£</b>
Wages and Salaries	9,213,362	8,578,603
Social Security Costs	952,051	819,137
Other Retirement Benefit Costs	249,707	235,457
	<b>10,415,120</b>	<b>9,633,197</b>

The Company did not utilise the UK Government Job Retention Scheme during the financial year (2021: £34,612).

**Directors' remuneration**

Directors P Taylor and J Peiro Balaguer are not employees of the Company and received no remuneration during the year (2021: £nil).

Directors FCC Environment Services (UK) Limited, and Urbaser Limited received remuneration by way of management fees from the Company for their services during the current and preceding year. Full disclosure is detailed in note 16.

**SEVERN WASTE SERVICES LIMITED**  
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**7. TAX ON PROFIT**

	2022 £	2021 £
<b>Current tax on profit</b>		
UK corporation tax	558	47
<b>Adjustments in respect of prior years</b>		
UK corporation tax	(47)	-
<b>Total current tax</b>	<u>511</u>	<u>47</u>
<b>Total tax on profit</b>	<u>511</u>	<u>47</u>

Finance Act 2021 which was substantively enacted on 24 May 2021 included provisions to increase the rate further to 25% effective from 1 April 2023. In valuing the deferred tax balances at the year-end a rate of 25% has been used based on the expected periods of reversal.

**Tax reconciliation**

The tax assessed for the year is lower than (2021: in line with) the standard rate of corporation tax in the UK:

	2022 £	2021 £
<b>Profit before taxation</b>	<u>5,221</u>	<u>248</u>
Profit multiplied by the standard rate of corporation tax in the UK of 19% (2021: 19%)	992	47
Effects of:		
Expenses not deductible for tax purposes	26	-
Adjustments in respect of prior years	(47)	-
Deferred tax not recognised	(460)	-
<b>Total tax charge for year</b>	<u>511</u>	<u>47</u>

**8. STOCKS**

	2022 £	2021 £
Stocks	<u>527,278</u>	<u>1,510,410</u>

There is no material difference between the Balance sheet value of stocks and their replacement cost.

**SEVERN WASTE SERVICES LIMITED**  
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**9. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	2022	2021
	£	£
Amounts owed by related parties	3,589,565	3,096,005
Other debtors	42,759	29,486
Prepayments and accrued income	767,847	662,928
	<u>4,400,171</u>	<u>3,788,419</u>

Amounts owed by related parties are interest free and have no fixed terms for their repayment.

**10. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	2022	2021
	£	£
Trade Creditors	1,277,457	880,433
Amounts owed to related parties (Note 16)	852,098	-
Corporation Tax	511	47
Other taxation and social security	1,217,711	1,021,347
Other Creditors	704,479	674,122
Accruals	1,778,021	2,007,913
	<u>5,830,277</u>	<u>4,583,862</u>

Included within Other taxation and social security is Landfill tax of £492,016 (2021: £573,175).

Amounts owed to joint venture shareholders are included within Amounts owed to related parties and are unsecured, non-interest bearing and repayable on demand.

**11. PROVISION FOR LIABILITIES**

	Total
	£
<b>At 01 January 2022</b>	<b>1,381,587</b>
Charge to P&L	20,947
Utilisation of provision	-
	<u><b>1,402,534</b></u>

Other provisions comprise of a Leachate Provision, and reference should be made to the critical accounting judgements and key sources of estimation uncertainty (note 2) for further information regarding the nature of the Leachate provision.

**SEVERN WASTE SERVICES LIMITED**  
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**12. FINANCIAL INSTRUMENTS**

The carrying value of the Company's financial assets and liabilities are summarised by category below:

	2022	2021
	£	£
<b>Financial assets</b>		
<i>Measured at amortised cost:</i>		
Other debtors (note 9)	42,759	29,486
Amounts owed by related parties (note 9)	3,589,565	3,096,005
	<u>3,632,324</u>	<u>3,125,491</u>
<b>Financial liabilities</b>		
<i>Measured at undiscounted amount payable</i>		
Trade creditors (note 10)	(1,277,457)	(880,433)
Other creditors (note 10)	(704,479)	(674,122)
Amounts owed to related parties (note 10)	(852,098)	-
	<u>(2,834,034)</u>	<u>(1,554,555)</u>

The amounts disclosed above are all at amortised cost.

**13. CALLED UP SHARE CAPITAL AND RESERVES**

	Share capital	Total
	£	£
<b>Allotted, called-up and fully-paid</b>		
250,000 Ordinary shares of £1.00 each	250,000	250,000
	<u>250,000</u>	<u>250,000</u>
<b>Presented as follows:</b>		
Called-up share capital presented as equity	250,000	250,000
	<u>250,000</u>	<u>250,000</u>

The Company's other reserves are as follows:

The profit and loss reserve represents cumulative profits or losses, net of dividends paid and other adjustments.



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**14. FINANCIAL COMMITMENTS**

**Commitments**

Total future minimum lease payments under non-cancellable operating leases are as follows:

	<b>2022</b>	<b>2021</b>
	<b>£</b>	<b>£</b>
- within one year	76,244	76,629
- between two and five years	253,624	252,206
- after five years	70,078	135,101
	<u><b>399,946</b></u>	<u><b>463,936</b></u>

**Pensions**

The Company operates defined contribution pension schemes for the employees. The assets of the scheme are held separately from those of the Company in independently administered funds.

The cost of the scheme with Prudential Assurance was £132,123 (2021: £122,395) of which £11,559 (2021: £12,047) was due to be paid at the year end and has been paid in January 2023.

The cost of the scheme with Legal & General was £117,584 (2021: £112,895) of which £9,928 (2021: £8,486) was due to be paid at the year end and has been paid in January 2023.

**15. STATEMENT OF CASH FLOWS**

	<b>2022</b>	<b>2021</b>
	<b>£</b>	<b>£</b>
Operating Profit / (Loss)	0	(1)
Adjustment for:		
Increase/(decrease) in provisions	<u>20,947</u>	<u>(246,870)</u>
<b>Operating cash flow before movement in working capital</b>	<b>20,947</b>	<b>(246,871)</b>
Decrease/(increase) in stocks	983,132	(384,775)
(Increase) in debtors	(610,291)	(181,801)
Increase/(decrease) in creditors	<u>1,245,951</u>	<u>(450,001)</u>
<b>Cash generated by operations</b>	<b>1,639,739</b>	<b>(1,263,448)</b>
Income taxes paid	<u>(47)</u>	<u>(1,005)</u>
<b>Net cash flows from/(used) in operating activities</b>	<u><b>1,639,692</b></u>	<u><b>(1,264,453)</b></u>

**SEVERN WASTE SERVICES LIMITED**  
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**16. RELATED PARTY TRANSACTIONS**

**Mercia Waste Management Limited**

In 1998, Mercia Waste Management Limited ("Mercia"), a fellow associated undertaking of the Company, appointed the Company to operate all of Mercia's planned and existing waste management installations under the terms of an Operation and Maintenance Services Agreement. The Company is responsible for performing the obligations of Mercia within the operating budget agreed by Mercia and received a fee of £39,058,831 for this in the year (2021: £36,729,642). The Company sold stocks to Mercia to the value of £1,015,483 (2021: nil).

The trading balance due from Mercia at 31 December 2022 was £3,589,565 (2021: £3,096,005).

**Joint venture shareholder entities**

FCC Recycling (UK) Limited and Urbaser Limited are the joint venture shareholders of Severn Waste Services Limited. The shares owned by FCC Environment Services (UK) Limited at 31<sup>st</sup> December 2021 were transferred to FCC Recycling (UK) Limited during the year.

The Company was charged management and advisory fees by FCC Environment Services (UK) Limited of £1,224,183 (2021: £1,138,459). The amount owed by the Company to FCC Environment Services (UK) Limited at 31 December 2022 was £426,049 (2021: £nil).

The Company was charged management and advisory fees by Urbaser Ltd of £1,224,183 (2021: £1,138,459). The amount owed by the Company to Urbaser Ltd at 31 December 2022 was £nil (2021: £362,376).

All of the above management fees were recharged to Mercia as part of the Operating and Maintenance Agreement and are included in the fee received in the current and prior year.

**Other related party transactions**

The total remuneration for key management personnel for the year was £143,933 (2021: £129,621).

**17. ULTIMATE CONTROLLING PARTY**

There is no ultimate controlling party as the Company is jointly owned by FCC Recycling (UK) Limited whose registered office is at 3 Sidings Court, White Rose Way, Doncaster, DN4 5NU and Urbaser Limited whose registered office is at First Floor Westmoreland House, 80 - 86 Bath Road, Cheltenham, GL53 7JT.