

Company Registration No. SC302160 (Scotland)

**TRADEBE HEALTHCARE (SOUTH WEST)
LIMITED**

**UNAUDITED ANNUAL REPORT AND FINANCIAL
STATEMENTS**

**FOR THE YEAR ENDED
31 DECEMBER 2019**

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TRADEBE HEALTHCARE (SOUTH WEST) LIMITED

COMPANY INFORMATION

Directors	Victor Creixell De Villalonga Robin Randall Grupo Tradebe Medioambiente SL
Secretary	Jordi Creixell Sureda
Company number	SC302160
Registered office	Davidson House Miller Street Aberdeen AB11 5AN
Accountants	RSM UK Tax and Accounting Limited Chartered Accountants Springpark House Basing View Basingstoke Hampshire RG21 4HG

TRADEBE HEALTHCARE (SOUTH WEST) LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2019

The directors present their annual report and financial statements for the year ended 31 December 2019.

Principal activities

The principal activity of the company continued to be that of the provision of clinical waste management services in a sustainable and environmentally friendly manner.

Results and dividends

The results for the year are set out on page 4.

Directors

The directors who held office during the year and up to the date of signature of the financial statements were as follows:


Victor Creixell De Villalonga
Robin Randall
Grupo Tradebe Medioambiente SL

Exemption from audit

The company was entitled to exemption for the audit under section 479A of the Companies Act 2006 and members have not required the company to obtain an audit for the year in question in accordance with section 476 of the Companies Act 2006.

This report has been prepared in accordance with the provisions applicable to companies entitled to the small companies exemption.

On behalf of the board


.....
Robin Randall

Director

Date: 16 JUNE 2020

TRADEBE HEALTHCARE (SOUTH WEST) LIMITED

DIRECTORS' RESPONSIBILITIES STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2019

The directors are responsible for preparing 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 United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including Financial Reporting Standard 101: Reduced Disclosure Framework ("FRS 101"). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards, including FRS 101, 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.

**ACCOUNTANT'S REPORT TO THE BOARD OF DIRECTORS OF TRADEBE
HEALTHCARE (SOUTH WEST) LIMITED ON THE FINANCIAL STATEMENTS FOR THE
YEAR ENDED 31 DECEMBER 2019**

In order to assist you to fulfil your duties under the Companies Act 2006 the Act, we prepared for your approval the financial statements of Tradebe Healthcare (South West) Limited which comprise the statement of comprehensive income, the statement of financial position, the statement of changes in equity and the related notes in accordance with the financial reporting framework set out therein from the company's accounting records and from information and explanations you have given us.

As a practising member firm of the Institute of Chartered Accountants in England and Wales (ICAEW), we are subject to its ethical and other professional requirements which are detailed at <http://www.icaew.com/en/members/regulations-standards-and-guidance>.

This report is made solely to the Board of Directors of Tradebe Healthcare (South West) Limited, as a body, in accordance with the terms of our engagement letter dated 25 February 2019. Our work has been undertaken solely to prepare for your approval the financial statements of Tradebe Healthcare (South West) Limited and state those matters that we have agreed to state to them in accordance with ICAEW Technical Release 07/16 AAF. This report should not therefore be regarded as suitable to be used or relied on by any other party wishing to acquire any rights against RSM UK Tax and Accounting Limited for any purpose or in any context. Any party other than the Board of Directors which obtains access to this report or a copy and chooses to rely on this report (or any part of it) will do so at its own risk. To the fullest extent permitted by law, RSM UK Tax and Accounting Limited will accept no responsibility or liability in respect of this report to any other party and shall not be liable for any loss, damage or expense of whatsoever nature which is caused by any person's reliance on representations in this report.

It is your duty to ensure that Tradebe Healthcare (South West) Limited has kept adequate accounting records and to prepare statutory financial statements that give a true and fair view of the assets, liabilities, financial position and profit of Tradebe Healthcare (South West) Limited under the Act. You consider that Tradebe Healthcare (South West) Limited is exempt from the statutory audit requirement for the year.

We have not been instructed to carry out an audit or a review of the financial statements of Tradebe Healthcare (South West) Limited. For this reason, we have not verified the accuracy or completeness of the accounting records or information and explanations you have given to us and we do not, therefore, express any opinion on the statutory financial statements.

RSM UK Tax & Accounting Limited

RSM UK Tax and Accounting Limited
Chartered Accountants
Springpark House
Basing View
Basingstoke
Hampshire
RG21 4HG

16 June 2020

TRADEBE HEALTHCARE (SOUTH WEST) LIMITED

INCOME STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2019

	Notes	2019 £'000	2018 £'000
Revenue		3,370	3,044
Cost of sales		(2,894)	(2,082)
Gross profit		476	962
Administrative expenses		(310)	(490)
Operating profit	5	166	472
Finance costs	6	(33)	-
Profit before taxation		133	472
Tax on profit	7	-	1
Profit and total comprehensive income for the financial year		133	473

The income statement has been prepared on the basis that all operations are continuing operations.

TRADEBE HEALTHCARE (SOUTH WEST) LIMITED**STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2019**

	Notes	2019 £'000	2018 £'000
Fixed assets			
Property, plant and equipment	8	840	233
Current assets			
Inventories	10	42	30
Trade and other receivables	9	1,061	715
Deferred tax asset	11	12	12
Cash and cash equivalents		3,509	2,920
		4,624	3,677
Current liabilities			
Trade and other payables	12	1,137	371
Taxation and social security		91	96
Lease liabilities	13	184	-
		1,412	467
Net current assets		3,212	3,210
Total assets less current liabilities		4,052	3,443
Non-current liabilities			
Lease liabilities	13	476	-
Net assets		3,576	3,443

TRADEBE HEALTHCARE (SOUTH WEST) LIMITED**STATEMENT OF FINANCIAL POSITION (CONTINUED)****AS AT 31 DECEMBER 2019**

	Notes	2019 £'000	2018 £'000
Equity			
Called up share capital	14	-	-
Capital redemption reserve	16	138	138
Retained earnings		3,438	3,305
Total equity		3,576	3,443

For the year ending 31 December 2019 the company was entitled to exemption from audit under section 479A of the Companies Act 2006 relating to subsidiary companies. Directors' responsibilities:

- the members have not required the company to obtain an audit of its accounts for the year in question in accordance with section 476;
- the directors acknowledge their responsibilities for complying with the requirements of the Act with respect to accounting records and the preparation of accounts.

The financial statements were approved by the board of directors and authorised for issue on 16th JUNE 2020 and are signed on its behalf by:


 Robin Randall
 Director

TRADEBE HEALTHCARE (SOUTH WEST) LIMITED

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2019

	Share capital £'000	Capital redemption reserve £'000	Retained earnings £'000	Total £'000
Balance at 1 January 2018	-	138	2,832	2,970
Year ended 31 December 2018:				
Profit and total comprehensive income for the year	-	-	473	473
Balance at 31 December 2018	-	138	3,305	3,443
Year ended 31 December 2019:				
Profit and total comprehensive income for the year	-	-	133	133
Balance at 31 December 2019	-	138	3,438	3,576

TRADEBE HEALTHCARE (SOUTH WEST) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

1 Accounting policies

Company Information

Tradebe Healthcare (South West) Limited is a private company limited by shares incorporated in Scotland. The registered office is Davidson House, Miller Street, Aberdeen, AB11 5AN.

The company's principal activities and nature of its operations are disclosed in the Directors' Report.

Accounting convention

The financial statements have been prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework (FRS 101) and in accordance with applicable accounting standards.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £1,000.

The financial statements have been prepared on the historical cost basis. The principal accounting policies adopted are set out below.

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

- the requirements of IFRS 7 Financial Instruments: Disclosures;
- the requirements of paragraphs 91-99 of IFRS 13 Fair Value Measurement;
- the requirement in paragraph 38 of IAS 1 'Presentation of Financial Statements' to present comparative information in respect of: (i) paragraph 79(a) (iv) of IAS 1, and (ii) paragraph 73(e) of IAS 16 Property Plant and Equipment;
- the requirements of paragraphs 10(d), 10(f), 16, 38A to 38D, 39 to 40, 111 and 134-136 of IAS 1 Presentation of Financial Statements;
- the requirements of IAS 7 Statement of Cash Flows;
- the requirements of paragraph 17 of IAS 24 Related Party Disclosures;
- the requirements in IAS 24 Related Party Disclosures to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member;
- the requirements of paragraph 58 of IFRS 16 to disclose a maturity analysis of lease liabilities; and
- the requirements of paragraphs 134(d)-134(f) and 135(c)-135(e) of IAS 36 Impairment of Assets; and
- revenue disclosures, including:-
 - Disaggregated and total revenue from contracts with customers; [FRS 101.8(eA), IFRS 15.113(a), 114 & 115]
 - Explanation of significant changes in contract assets and liabilities; [FRS 101.8(eA), IFRS 15.118]
 - Description of when performance obligations are satisfied, significant payment terms, and the nature of goods and services to be transferred; [FRS 101.8(eA), IFRS 15.119(a)to(c)]
 - Aggregate transaction price allocated to unsatisfied performance obligations and when revenue is expected to be recognised; [FRS 101.8(eA), IFRS 15.120-122]
 - Significant judgements in determining the amount and timing of revenue recognition and the amount of capitalised costs to obtain or fulfil a contract; [FRS 101.8(eA), IFRS 15.123, 125 & 127 (a)]
 - Methods used to recognise revenue over time, determine transaction price and amounts allocated to performance obligations and determine amortisation of capitalised cost to obtain or fulfil a contract; [FRS 101.8(eA), IFRS 15.124, 126 & 127(b)].

As permitted by FRS 101, the company has taken advantage of the disclosure exemptions available under that standard in relation to financial instruments, capital management, presentation of a cash flow statement, presentation of comparative information in respect of certain assets, standards not yet effective, impairment of assets, and related party transactions.

Where required, equivalent disclosures are given in the group accounts of Tradebe Environmental Services Limited. The group accounts of Tradebe Environmental Services Limited are available to the public and can be obtained as set out in note 19.

TRADEBE HEALTHCARE (SOUTH WEST) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

1 Accounting policies (Continued)

Going concern

The directors have considered the basis of preparation of the financial statements, the impact and risk on the company of COVID-19 and the company's prospects, and, based on the assessment of budgets and cash flow forecasts, have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus the board continues to adopt the going concern basis of accounting in preparing the financial statements.

Revenue

The company generates revenue from the provision of hazard waste collection.

Revenue is recognised when the performance obligation has been satisfied by transferring the promised good or service to the customer.

At contract inception, an assessment is completed to identify the performance obligations in each contract. Performance obligations in a contract are either goods or services that are distinct, or part of a series of goods or services that are substantially the same and have the same pattern of transfer to the customer. Promises that are not distinct, are combined with other promised goods or services in the contract, until a performance obligation is identified.

At contract inception, the transaction price is determined, being the amount that the company expects to receive for transferring the promised goods or services. The transaction price is allocated to the performance obligations in the contract based on their relative stand-alone selling prices. The company uses the contractually stated price as the stand-alone selling price for each performance obligation.

Healthcare

The treatment contracts are for the provision of a waste management service which comprises the provision of containers, collection, transportation and either treatment or disposal of waste. The contract term varies from 3 to 5 years.

There are several promises in the customer contracts, but these promises are inputs into the overall waste management service that is being provided to the customer. The contracts thus contain a single performance obligation.

The performance obligation is satisfied over time, as another entity would not need to re-perform the waste management service completed to date if they were to fulfil the remaining performance obligation. The progress towards complete satisfaction of the performance obligation is measured using the output method, based on the volume of waste collected from the customer site.

The transaction price for some healthcare contracts include variable consideration in the form of an annual volume rebate. The variable consideration is estimated using the expected value method and the total transaction price adjusted for the variable consideration. There is no constraint on variable consideration. Variable consideration included in the transaction price is updated at the end of each reporting period to reflect changes during the period and circumstances at the period end.

The contract payment terms are typically monthly based on the volume of waste collected from the customer site.

TRADEBE HEALTHCARE (SOUTH WEST) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

1 Accounting policies (Continued)

Contract costs

Costs of obtaining a contract

The incremental costs associated with obtaining a contract are recognised as an asset if the company expects to recover the costs. Costs that are not incremental to a contract are expensed as incurred. Management determine which costs are incremental and meet the criteria for capitalisation.

Costs to fulfil a contract, which are not in the scope of another standard, are recognised separately as a contract fulfilment asset to the extent that they relate directly to a contract which can be specifically identified, the costs generate or enhance resources that will be used to satisfy the performance obligation and the costs are expected to be recovered. Management applies judgement to determine which contract fulfilment costs meet the recognition criteria, and in particular if the costs generate or enhance resources used to satisfy the performance obligation.

Costs to fulfil a contract, which do not meet the criteria above, are expensed as incurred.

Contract fulfilment asset

Contract fulfilment assets are amortised over the expected contract period on a systematic basis representing the pattern in which control of the associated service is transferred to the customer.

Impairment of non-financial assets

Capitalised contract costs and contract fulfilment assets

The company undertakes an assessment at each reporting date to determine whether capitalised contract costs and contract fulfilment assets are impaired. An impairment loss is recognised if the carrying amount of the capitalised contract costs or contract fulfilment asset exceeds the remaining consideration expected to be received for the services to which the asset relates, less the costs that directly relate to providing the services under the contract.

Deferred and accrued income

Where the payment schedule within a customer contract does not match the transfer of goods and services, the group will recognise either accrued or deferred income.

A deferred income contract liability is recognised where payments made exceed the revenue recognised at the period end date. An accrued income contract asset is recognised where payments made are less than the revenue recognised at the period end date.

Property, plant and equipment

Property, plant and equipment are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Plant and equipment	5-20 years
Motor vehicles	3-5 years

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is recognised in the income statement.

TRADEBE HEALTHCARE (SOUTH WEST) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

1 Accounting policies (Continued)

Right-of-use assets

A right-of-use asset is recognised at commencement of the lease and initially measured at the amount of the lease liability, plus any incremental costs of obtaining the lease and any lease payments made at or before the leased asset is available for use by the group.

The right-of-use asset is subsequently measured at cost less accumulated depreciation and any accumulated impairment losses. The depreciation methods applied are as follows:

Leased property	On a straight-line basis over the length of the lease
Leased motor vehicle	On a straight-line basis over the length of the lease

Inventories

Inventories are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell. Cost is based on the cost of purchase on a first in, first out basis.

At each reporting date, inventories are assessed for impairment. If inventories are impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in the statement of comprehensive income.

Cash and cash equivalents

Cash and cash equivalents include cash in hand and deposits held at call with banks.

Financial assets

Financial assets are recognised in the company's statement of financial position when the company becomes party to the contractual provisions of the instrument. Financial assets are classified into specified categories, depending on the nature and purpose of the financial assets.

At initial recognition, financial assets classified as fair value through profit and loss are measured at fair value and any transaction costs are recognised in profit or loss. Financial assets not classified as fair value through profit and loss are initially measured at fair value plus transaction costs.

Loans and receivables

Trade receivables are initially measured at their transaction price. Other receivables are initially measured at fair value plus transaction costs.

Receivables are held to collect the contractual cash flows which are solely payments of principal and interest. Therefore, these receivables are subsequently measured at amortised cost using the effective interest rate method.

Trade receivables are primarily amounts due from hospitals, public health departments, commercial testing laboratories, distributors and universities in addition to government programs.

Trade receivables are reported net of a provision for expected credit loss. The process of estimating the collection of trade debtors involves significant assumptions and judgments. Specifically, the bad debt provision is based on management's analysis of historic and forward looking information on expected credit loss.

TRADEBE HEALTHCARE (SOUTH WEST) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

1 Accounting policies (Continued)

Impairment of financial assets

The company recognises an allowance for expected credit losses, or an ECL, for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the company expects to receive, discounted at an approximation of the original effective interest rate.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For trade receivables and contract assets, the company applies a simplified approach in calculating ECLs. Therefore, the company does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The company has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the economic environment.

The company considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the company may also consider a financial asset to be in default when internal or external information indicates that the company is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the company. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Trade receivables

For trade receivables, expected credit losses are measured by applying an expected loss rate to the gross carrying amount. The expected loss rate comprises the risk of a default occurring and the expected cash flows on default based on the aging of the receivable. The risk of a default occurring always takes into consideration all possible default events over the expected life of those receivables ("the lifetime expected credit losses"). Different provision rates and periods are used based on groupings of historic credit loss experience by product type, customer type and location.

Impairment losses and any subsequent reversals of impairment losses, are adjusted against the carrying amount of the receivable and are recognised in profit or loss.

Financial liabilities

The company recognises financial debt when the company becomes a party to the contractual provisions of the instruments. Financial liabilities are classified as either 'financial liabilities at fair value through profit or loss' or 'other financial liabilities'.

Other financial liabilities

Trade and other payables

Trade, group and other payables are initially measured at fair value, net of direct transaction costs and subsequently measured at amortised cost.

Interest-bearing loans and borrowings

All loans and borrowings are initially recognised at fair value, less directly attributable transaction costs. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees on points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability.

TRADEBE HEALTHCARE (SOUTH WEST) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

1 Accounting policies (Continued)

Equity instruments

Equity instruments issued by the company are recorded at the proceeds received, net of direct issue costs.

Taxation

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

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

Deferred tax

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the income statement, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset when the company has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of inventories or non-current assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

Retirement benefits

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

TRADEBE HEALTHCARE (SOUTH WEST) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2019

1 Accounting policies (Continued)

Leases

On commencement of a contract (or part of a contract) which gives the company the right to use an asset for a period of time in exchange for consideration, the group recognises a right-of-use asset and a lease liability unless the lease qualifies as a 'short-term' lease or a 'low-value' lease.

The following accounting policies were applied to leases in the year ended 31 December 2018:

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessees. All other leases are classified as operating leases.

Rentals payable under operating leases, less any lease incentives received, are charged to profit or loss on a straight line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

Initial measurement of the lease liability

The lease liability is initially measured at the present value of the lease payments during the lease term discounted using the interest rate implicit in the lease, or the incremental borrowing rate if the interest rate implicit in the lease cannot be readily determined.

The lease term is the non-cancellable period of the lease plus extension periods that the company is reasonably certain to exercise and termination periods that the company is reasonably certain not to exercise.

Lease payments include fixed payments, less any lease incentives receivable, variable lease payments dependant on an index or a rate (such as those linked to LIBOR) and any residual value guarantees.

Variable lease payments are initially measured using the index or rate when the leased asset is available for use.

Termination penalties are included in the lease payments if the lease term has been adjusted because the company reasonably expects to exercise an option to terminate the lease.

Subsequent measurement of the lease liability

The lease liability is subsequently increased for a constant periodic rate of interest on the remaining balance of the lease liability and reduced for lease payments.

Interest on the lease liability is recognised in the statement of comprehensive income.

TRADEBE HEALTHCARE (SOUTH WEST) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

2 Adoption of new and revised standards and changes in accounting policies

In the current year, the following new and revised Standards and Interpretations have been adopted by the company and have an effect on the current period or a prior period or may have an effect on future periods:

IFRS 16 'Leases' (IFRS 16)

During the year, the company adopted IFRS 16 'Leases' (IFRS 16) for the first time. IFRS 16 replaces IAS 17 'Leases'.

The company previously split leases between 'finance leases' that transferred substantially all the risks and rewards incidental to ownership of the asset to the company, and 'operating leases'.

The main change on application of IFRS 16 is the accounting for 'operating leases' where rentals payable (as adjusted for lease incentives) were previously expensed under IAS 17 on a straight-line basis over the lease term.

Under IFRS 16, a right-of-use asset and a lease liability are recognised for all leases except 'low-value' and 'short' term leases where lease payments are recognised on a straight-line basis over the lease term.

The accounting for leases previously accounted for as finance leases under IAS 17 has not changed substantially, except that residual value guarantees are recognised under IFRS 16 at amounts expected to be payable rather than the maximum amount guaranteed, as required by IAS 17.

The company has applied IFRS 16 retrospectively to all leases, but has elected to recognise the cumulative effect against opening reserves at 1 January 2019. Therefore, the comparative figures are as previously reported under IAS 17. The company has applied this approach subject to the transition provisions set out below.

- For all contracts that existed prior to 1 January 2019, the group has not applied IFRS 16 to reassess whether each contract is, or contains, a lease.
- A single discount rate has been applied to portfolios of leases with similar characteristics.
- Initial direct costs have been excluded from the measurement of the right-of-use assets.

The amounts recognised for leases at 1 January 2019, have been measured as follows:

Operating leases under IAS 17

The lease liability is measured at the present value of the remaining lease payments at 1 January 2019, discounted at the lessee's incremental borrowing rate at that date.

The right-of-use asset is either:

- measured as if IFRS 16 had been applied from commencement of the lease, but using the lessee's incremental borrowing rate at 1 January 2019 to discount future payments; or
- measured at the amount of the lease liability recognised in accordance with the measurement set out above, adjusted for accrued or prepaid operating lease payments at 1 January 2019.

The latter has been applied.

Short-term leases

Where the lease term ends before 31 December 2019, the company has continued to recognise the lease payments associated with those leases on a straight-line basis over the lease term.

TRADEBE HEALTHCARE (SOUTH WEST) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

2 Adoption of new and revised standards and changes in accounting policies (Continued)

Differences between the operating lease commitments disclosed at 31 December 2018 under IAS 17 discounted at the incremental borrowing rate at 1 January 2019 and lease liabilities recognised at 1 January 2019 are explained below:

	Leasehold land and buildings £000	Motor vehicles £000	Total £000
IAS 17 operating lease commitment at 31 December 2018	679	56	735
Amounts not disclosed under IAS 17 due to error	-	115	115
Impact of discounting	(62)	(13)	(75)
	<u>617</u>	<u>158</u>	<u>775</u>
IFRS 16 opening lease liability at 1 January 2019	617	158	775
	<u>4.60%</u>	<u>4.48%</u>	
Incremental borrowing rate at 1 January 2019	4.60%	4.48%	

Management has done a detailed review of all the current leases agreements during 2019, in preparation for the new IFRS 16 standard. During this process, Management has found several existing lease contracts not disclosed under IAS 17 in prior years, due to error. Therefore, the amount has been reflected in the table above.

Effect of leases on financial performance:	2019 £000
Depreciation charge for the year included in 'administrative expenses' for right-of-use assets:	
- Motor vehicles	62
- Leasehold land and buildings	137
	<u>(199)</u>
Interest expense for the year on lease liabilities recognised in 'finance costs'	<u>33</u>
Effect of leases on cash flows:	
Total cash outflow for leases in the year	<u>218</u>

TRADEBE HEALTHCARE (SOUTH WEST) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

3 Critical accounting estimates and judgements

In the application of the company's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount 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.

The estimates and assumptions which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities are outlined below.

Critical judgements

Lease accounting

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

- To determine the incremental borrowing rate, the company:
- Where possible, uses recent third-party financing received by the individual lessee as a starting point, adjusted to reflect changes in financing conditions since third party financing was received;
- Uses a build-up approach that starts with a risk-free interest rate adjusted for credit risk for leases held by the company, which does not have recent third party financing; and
- Makes adjustments specific to the lease, e.g. term, currency and security.

The company used incremental borrowing rates specific to each lease or portfolio of leases and the rates range between 4.48% - 4.60% translating to an average rate of 4.54%. A 100-basis point increase/(decrease) in the rate would cause the lease liabilities and the right-of-use assets to change by a minimal amount.

4 Employees

The company has no employees other than the directors, who did not receive any remuneration (2018: £nil).

All employees engaged in the business of the company are employed by Tradebe Management Limited, a fellow subsidiary company. The staff costs of activities that are attributable to the business of this company are recharged on a monthly basis and the total for the year is summarised below.

Their aggregate remuneration comprised:

	2019 £'000	2018 £'000
Wages and salaries	698	523
Social security costs	65	48
Pension costs	21	16
	<u>784</u>	<u>587</u>

TRADEBE HEALTHCARE (SOUTH WEST) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

5 Operating profit

	2019 £'000	2018 £'000
Operating profit for the year is stated after charging/(crediting):		
Depreciation of property, plant and equipment	270	58
(Profit)/loss on disposal of property, plant and equipment	-	31
Cost of inventories recognised as an expense	1,383	1,080

6 Finance costs

	2019 £'000	2018 £'000
Interest on other financial liabilities:		
Interest on lease liabilities	33	-

7 Taxation

	2019 £'000	2018 £'000
Deferred tax		
Origination and reversal of temporary differences	-	(3)
Adjustment in respect of prior periods	-	2
	-	(1)

The (credit)/charge for the year can be reconciled to the profit per the income statement as follows:

	2019 £'000	2018 £'000
Profit before taxation	133	472
Expected tax charge based on a corporation tax rate of 19.00% (2018: 19.00%)	25	90
Change in unrecognised deferred tax assets	1	-
Group relief	(26)	(93)
Deferred tax adjustments in respect of prior years	-	2
Taxation charge/(credit) for the year	-	(1)

The Finance Act 2016 was enacted so as to reduce the corporation tax rate from 19% to 17% with effect from 1 April 2020. These rates have been used to measure deferred tax assets and liabilities where applicable. In March 2020 the Chancellor announced that tax rate would remain at 19%, however, this rate had not been substantively enacted at the reporting date and it has not been used in the measurement of deferred tax.

TRADEBE HEALTHCARE (SOUTH WEST) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

8 Property, plant and equipment

	Leasehold land and buildings	Plant and equipment	Motor vehicles	Total
	£'000	£'000	£'000	£'000
Cost				
At 1 January 2019 – as previously reported	-	840	-	840
Additional 'right-of-use' assets on transition to IFRS 16	617	-	158	775
At 1 January 2019 – as restated	617	840	158	1,615
Additions	-	-	32	32
Additions - right-of-use assets	-	-	70	70
At 31 December 2019	617	840	260	1,717
Accumulated depreciation and impairment				
At 31 December 2018	-	607	-	607
Charge for the year	137	61	72	270
At 31 December 2019	137	668	72	877
Carrying amount				
At 31 December 2019	480	172	188	840
At 31 December 2018	-	233	-	233

Property, plant and equipment includes right-of-use assets, as follows:

Right-of-use assets	2019
	£'000
Net values	
Leasehold land and buildings	480
Motor vehicles	166
	646
Depreciation charge for the year	
Leasehold land and buildings	137
Motor vehicles	62
	199

TRADEBE HEALTHCARE (SOUTH WEST) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

9 Trade and other receivables

	2019 £'000	2018 £'000
Trade receivables	997	659
Amounts due from fellow group undertakings	7	38
Prepayments	57	18
	<u>1,061</u>	<u>715</u>

(a) Contract with customers

Impairment losses on receivables arising from contracts with customers were £nil (2018: £nil).

(b) Contract balances

	31 December 2019 £'000	31 December 2018 £'000
Receivables included within 'Trade and other receivables'	997	659
Contract assets	-	-
Contract liabilities	-	-

Contract assets predominantly relate to fulfilled obligations which are billed monthly in arrears. At the point where completed work is invoiced, the contract asset is derecognised, and a corresponding receivable recognised.

Contract liabilities relate to consideration received from customers in advance of the performance obligation being satisfied.

(c) Revenue recognised in the year that was included in the opening contract liability balance was £nil (2018: £nil).

(d) Revenue recognised in the year from performance obligations satisfied (or partially satisfied) in previous periods was £nil (2018: £nil).

(e) The contract payment terms are typically monthly based on the volume of waste collected.

(f) Obligations for returns, refunds and other similar obligations was £nil (2018: £nil).

(g) There are no warranties and related obligations for the year.

(h) The group does not have any costs of obtaining or costs of fulfilling a contract that meet the criteria for capitalisation under IFRS 15.

TRADEBE HEALTHCARE (SOUTH WEST) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

10 Inventories	2019 £'000	2018 £'000
Raw materials	42	30

11 Deferred taxation

The following are the major deferred tax liabilities and assets recognised by the company and movements thereon during the current and prior reporting period.

	Accelerated capital allowances £'000
Deferred tax asset at 1 January 2018	(11)
Deferred tax movements in prior year	
Credit to profit or loss	(1)
Deferred tax asset at 1 January 2019 and 31 December 2019	(12)

Deferred tax assets and liabilities are offset where the company has a legally enforceable right to do so. The following is the analysis of the deferred tax balances (after offset) for financial reporting purposes:

	2019 £'000	2018 £'000
Deferred tax assets	(12)	(12)

12 Trade and other payables

	2019 £'000	2018 £'000
Trade payables	270	105
Amounts owed to fellow group undertakings	407	63
Accruals and deferred income	460	202
Other payables	-	1
	1,137	371

TRADEBE HEALTHCARE (SOUTH WEST) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

13 Lease liabilities

Lease liabilities are classified based on the amounts that are expected to be settled within the next 12 months and after more than 12 months from the reporting date, as follows:

	2019 £'000
Current liabilities	184
Non-current liabilities	476
	<u>660</u>

	2019 £'000
Amounts recognised in profit or loss include the following:	
Interest on lease liabilities	<u>33</u>

The fair value of the company's lease obligations is approximately equal to their carrying amount.

Other leasing information is included in note 17.

14 Share capital	2019 £'000	2018 £'000
Ordinary share capital issued and fully paid		
1 Ordinary shares of £1 each	<u>-</u>	<u>-</u>

The company's ordinary shares carry the right to one vote at general meetings of the company.

15 Retirement benefit schemes

Defined contribution schemes

The company operates a defined contribution pension scheme for all qualifying employees. The assets of the scheme are held separately from those of the company in an independently administered fund.

The total costs charged to income in respect of defined contribution plans is £16,000 (2018: 16,000).

Contributions totalling £nil (2018: £nil) were payable to the fund at the year end date.

TRADEBE HEALTHCARE (SOUTH WEST) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

16 Capital redemption reserve

	2019 £'000	2018 £'000
At beginning and end of year	138	138

The nominal value of shares repurchased and still held at the end of the reporting period. This is a non-distributable reserve.

17 Other leasing information

Lease terms

It is the company's policy to lease certain of its machinery. All leases are on a fixed repayment basis and no arrangements have been entered into for variable rental payments.

Operating leases under IAS 17

	Land and buildings 2018 £'000	Motor vehicles 2018 £'000	Total 2018 £'000
Within one year	151	49	200
Between one and five years	528	7	535
	679	56	735

Information relating to lease liabilities is included in note 13.

18 Events after the reporting date

On March 11, 2020, the World Health Organization (WHO) described the outbreak of the coronavirus COVID-19 as an international pandemic. The rapid spread and difficulty of containing the disease together with the current absence of effective medical treatment make COVID-19 an unprecedented health crisis. Despite the high uncertainty due to the ease and speed at which infections occur, it is encouraging to see the progress achieved in relation to the degree of containment of infections in those countries where effective measures have been taken and applied in time.

The measures taken by both international and supranational organizations, as well as the different national authorities to contain and reduce the spread of the disease, foreseeably, will lead to an impact on the macroeconomic environment and on the evolution of the economy and business at global scale. Although it is prudent to consider and expect a general decrease in activity, at this time, it is too early and impossible to determine the magnitude of this impact in the short, medium and long term.

TRADEBE HEALTHCARE (SOUTH WEST) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

18 Events after the reporting date (Continued)

In the context of the present health crisis, one of the measures adopted mentioned above is the identification and classification, as "essential" or "critical", certain sectors of activity and / or infrastructure and / or employees. These situations defined as "essential" or "critical" include either the waste management sector (in which the Group operates) and / or related sectors and / or activity sectors that the waste management sector serves (and / or related sectors). In this sense, as of the date of preparation of these annual accounts, all the plants of the group are operational, and there has been no impact aside the ones derived from the strict application of the hygienic-sanitary measures and recommendations announced by each of the competent authorities, in relation to COVID-19.

Although a decrease in activity due to a potential economic downturn should not be ruled out, the Company considers that at the date of formulation of the Annual Report and Financial Statements, it is premature and it is not possible to carry out a detailed assessment or quantification of the possible impacts that COVID-19 will have on the Group, its results and its cash generation. Therefore, management considers that it is not appropriate to make any adjustments to these Annual Report and Financial Statements. In this regard, the Company maintains its confidence in its most important assets: the employees, the leadership capacity of the management team and the strength, competitive advantages and business continuity.

The Group has carried out a preliminary assessment of the current situation based on the best information available and is taking all the necessary steps to face this unpredictable situation and minimize the impact and risks derived from the current health crisis, and its impact on the economy. From the results of this evaluation, the following aspects stand out:

- Health risk for employees and society in general: One of the Group's values and the main priority under the current circumstances, is to guarantee the health of all its employees and ensure a safe work environment for every single employee. After the declaration of the pandemic and the declaration of the state of alert / emergency in some territories, the necessary hygienic-sanitary measures have been applied according to each territory, workplace and employee. These measures include, among others, and to the extent that the different functions require or allow it, protocols for action and operation in plants, facilities and offices, teleworking measures and limitations on mobility and interaction (i.e. travel, face-to-face meetings, etc.), daily monitoring by the areas of Safety, Health, Quality and Environment and Human Resources (HR) of possible cases of infection, awareness and training campaigns. The Company is also studying the application of measures and / or aid to both those employees affected, directly or indirectly, by the disease and those who continue to provide essential services in the plants during the length of this situation.
- Liquidity risk: despite the liquidity support and injection programs launched by the different countries and organizations to guarantee access to credit and liquidity during the COVID-19 health crisis, liquidity restrictions is a possibility in the credit and investment markets and / or the slowdown in payments by certain clients. In this sense, the Group has long-term committed lines of financing (maturing in 2024) that are only partially used and therefore with surplus capacity to use them to finance the general needs of the business. Additionally, the Group has reinforced its liquidity management, optimization policies and plans in order to guarantee liquidity, business continuity and fulfilment of its commitments. These plans include prioritization and limitation of investments and costs (to minimize the use or consumption of cash) to those strictly necessary to guarantee business continuity and the provision of services to our clients with high levels of quality, safety and hygiene, flexibility and speed of response required in our sector of activity.
- Risk of default on financing contracts (credit markets and institutional investment): It is a possibility that the impact on the economy does not allow certain sectors of activity, and especially those that have been forced to stop their activity significantly, to fulfil their contractual obligations of financing in the short, medium or long term. As of the date of preparation of these Annual Accounts, the Group continues with its activity and is fulfilling its contractual financing obligations and plans, according to the information available to it at this time, to continue fulfilling them as up to now.

TRADEBE HEALTHCARE (SOUTH WEST) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

18 Events after the reporting date (Continued)

- Risk of decline in activity: in the current context, there is a real risk of general decline in activity. As has happened in other situations of contraction of activity, the Group monitors the daily activity level of its operations and has action plans to adapt its operations quickly to the general level of activity and continue operating, so the company can keep fulfilling its commitments. As mentioned above, the activity sector and / or the infrastructures and / or the employees of the Group belong to those considered "essential" or "critical" during the COVID-19 crisis. Additionally, and as we have indicated, at the date of preparation of these Annual Report and Financial Statements, all the plants of the group are operational, and there has been no impact beyond that derived from the strict application of the hygienic-sanitary measures and recommendations announced by each one of the competent authorities in relation to COVID-19.

Based on all the above points, management continue to adopt the going concern basis of accounting in preparing the financial statements.

19 Controlling party

The company's immediate parent undertaking is Tradebe Healthcare (Holdings) Limited by virtue of its 100% holding of the company's issued share capital.

The smallest group financial statements, which include the company, are in Tradebe Environmental Services Limited. They are available from its registered office: Atlas House, Third Avenue, Global Business Park, Marlow, Buckinghamshire, SL7 1EY.

The company's ultimate parent undertaking is Grupo Tradebe Medio Ambiente, S.L., a company registered in Spain.

The group financial statements, which include the company, are in Grupo Medio Ambiente S.L. The accounts are available from their registered office: Av. Barcelona, 109, Planta 5, E-08970, Sant Joan Despi, Barcelona, Spain.

The ultimate controlling party is Josep Creixell Sureda by virtue of his majority ownership of Grupo Tradebe Medio Ambiente, S.L.