

Company Registration No. SC335165 (Scotland)

NWH WASTE SERVICES LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2020

NWH WASTE SERVICES LIMITED

COMPANY INFORMATION

Directors	M P Williams R A Williams C D Williams
Company number	SC335165
Registered office	Unit 5 Mayfield Industrial Estate Mayfield Dalkeith Midlothian United Kingdom EH22 4AD
Auditor	Azets Audit Services Titanium 1 King's Inch Place Renfrew Renfrewshire United Kingdom PA4 8WF
Bankers	The Royal Bank of Scotland PLC 36 St Andrew Square Edinburgh United Kingdom EH2 2YB

NWH WASTE SERVICES LIMITED

CONTENTS

	Page
Strategic report	1 - 2
Directors' report	3 - 4
Independent auditor's report	5 - 7
Statement of comprehensive income	8
Balance sheet	9
Statement of changes in equity	10
Notes to the financial statements	11 - 25

NWH WASTE SERVICES LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 30 SEPTEMBER 2020

The directors present the strategic report for the year ended 30 September 2020.

PRINCIPAL ACTIVITIES

The principal activity of the group in the year under review was the collection, recycling and production of resources in addition to other ancillary services. Waste collection services to the hospitality, retail, commercial, industrial and construction industries are provided.

Waste such as glass, food, dry mixed recycling, general residual, cardboard, paper, plastics, inert demolition spoil, soils, wood, green garden, asbestos, incinerator bottom ash, household, road sweepings, civic amenity is collected. This is undertaken by the fleet of trade refuse vehicles, skips, tippers, grabs and articulated vehicles which transport it to the Material Recycling Facilities.

Valuable products - cardboard, paper, washed sands & gravels, concrete, metals, refuse derived fuel, biomass, topsoil and animal bedding - are produced.

Headquartered in Midlothian, in central Scotland, the business services all of Scotland and the North East of England from ten sites.

REVIEW OF BUSINESS

The company's turnover fell by 13% to £23.3m (2019: £26.7m) in the year. Loss before taxation in the year was £1.7m (2019: profit before taxation of £0.2m).

The financial results were impacted by the COVID-19 virus and the elevated level of uncertainty within the UK economy. Trading through to mid-March was strong. Despite the challenges presented by the pandemic the company operated throughout, supporting only essential works in our Q3 following the first national lockdown and, latterly more, as our customer base returned.

From the start of the pandemic, we focussed on our employees implementing all the Government guidance on health and safety working practices across all our workplaces. During the period of restricted work in Q3, we managed our liquidity through mitigating actions including agreeing temporary holidays and deferrals on payments, receiving a Government backed CBILS loan and utilising the Coronavirus Job Retention Scheme when appropriate.

The company's turnover fell by 13% to £23.3m (2019: £26.7m) in the year. Loss before taxation in the year was £1.7m (2019: profit before taxation of £0.2m).

Building on the resilience shown, the business performed well in our Q4 with activity levels exceeding pre-lockdown levels.

Through the year, we won many new customers and increased the share of wallet of some larger existing customers; broadening our "own wheels" geographical coverage from the bolt-on acquisition and integration of the business and assets of Armstrong Waste Management was instrumental.

The substantial investment in new recycling equipment at our Leith facility will drive operational efficiency, produce more recoveries and give margin improvement. In a challenging environment, the plant was installed and commissioned with minimal disruption through the busy Q4 trading period.

NWH WASTE SERVICES LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2020

PRINCIPAL RISKS AND UNCERTAINTIES

The nature of the company's business and strategy are subject to a number of risks. The directors are of the opinion that the risk management processes adopted identify, monitor and ultimately mitigate all the risks.

COVID-19

At the date of signing, the company's trading operations in the year to September 2021 have been adversely affected by the Covid-19 pandemic in a limited way only – primarily through our hospitality, leisure and retail customers. The company is exposed to risks from both the interruption to operations caused by an absence of staff due to either contracting the virus or measures taken to contain an outbreak at our facilities as well as a fall in revenue from customers impacted by the UK and Scottish Government-imposed restrictions on their operations. The company continues to follow Government guidance on all aspects of the pandemic to ensure best practice precautions are continuously communicated and applied with our staff.

KEY PERFORMANCE INDICATORS ("KPIs")

One of the main tools to address risk is through the extensive use of KPIs. The company monitors KPIs such as volumes, profitability, utilisation and liquidity which are reviewed operationally and at board level on a weekly basis.

RISK MANAGEMENT COMMITTEES

The Safety, Health, Environment, Fire and Quality Committee meets monthly and comprises all site managers. Its findings feed into the monthly Operational and Main Board meetings as well as the Risk, Health and Safety Committee.

The company operates the Risk, Health and Safety Committee with the purpose of reviewing and making recommendations on the adequacy and reliability of risk identification, mitigation and reporting. It fulfils the Board's corporate governance and supervisory responsibility for risk, health and safety and for developing policy to ensure best practice as well as the health and wellbeing of staff, contractors and visitors to the sites.

The committee meets quarterly ensuring the objectives, measures and targets of the company's policy are appropriate, adhered to and reported on. Risks addressed include regulatory, people & safety, business continuity, legal, reputational, environmental and community.

The Safety, Health, Environment, Fire and Quality Committee meets monthly and comprises all site managers. Its findings feed into the monthly Operational and Main Board meetings as well as the Risk, Health and Safety Committee.

2021 Outlook

The global outbreak of COVID-19 in 2020 is expected to continue to affect the business to a limited extent only. The health and safety of our employees remains paramount and maintaining a safe working environment is critical for operations. Government imposed restrictions on the retail, hospitality and leisure sector continues to impact some of our Trade Waste revenue streams; this is anticipated to return strongly in summer 2021.

The business is well placed to build on the strong trading performance exhibited from Q4 2021 and thrive through the rebounding economy.

On behalf of the board

M P Williams

Director

30 June 2021

NWH WASTE SERVICES LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 30 SEPTEMBER 2020

The directors present their annual report and financial statements for the year ended 30 September 2020.

Directors

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

M P Williams
R A Williams
C D Williams

Results and dividends

The results for the year are set out on page 8.

During the year under review interim dividends were paid amounting to £nil (2019 - £nil). The directors recommend that no final dividend be paid.

Auditor

The auditor, Azets Audit Services, is deemed to be reappointed under section 487(2) of the Companies Act 2006.

Statement of directors' responsibilities

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). 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;
- 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.

NWH WASTE SERVICES LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2020

Statement of disclosure to auditor

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the company's auditor is unaware. Additionally, the directors individually have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the company's auditor is aware of that information.

On behalf of the board

M P Williams

Director

30 June 2021

NWH WASTE SERVICES LIMITED

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF NWH WASTE SERVICES LIMITED

Opinion

We have audited the financial statements of NWH Waste Services Limited (the 'company') for the year ended 30 September 2020 which comprise the statement of comprehensive income, the balance sheet, the statement of changes in equity and notes to the financial statements, 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 state of the company's affairs as at 30 September 2020 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

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

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

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

In connection with our audit of the financial statements, 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 audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

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

NWH WASTE SERVICES LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED) TO THE MEMBERS OF NWH WASTE SERVICES LIMITED

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 and the directors' report.

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

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

Responsibilities of directors

As explained more fully in the directors' responsibilities statement, 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.

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.

NWH WASTE SERVICES LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED) **TO THE MEMBERS OF NWH WASTE SERVICES LIMITED**

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.

Peter Gallanagh (Senior Statutory Auditor)
For and on behalf of Azets Audit Services

30 June 2021

Chartered Accountants
Statutory Auditor

Titanium 1
King's Inch Place
Renfrew
Renfrewshire
United Kingdom
PA4 8WF

NWH WASTE SERVICES LIMITED

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 SEPTEMBER 2020

		2020	2019
	Notes	£	£
Turnover	3	23,255,158	26,669,504
Cost of sales		(23,008,106)	(22,799,793)
Gross profit		247,052	3,869,711
Administrative expenses		(2,766,307)	(3,772,646)
Other operating income		898,582	60,365
Operating (loss)/profit	4	(1,620,673)	157,430
Interest payable and similar expenses	6	(89,903)	(159,420)
Fair value gains and losses on investment properties	10	-	233,578
(Loss)/profit before taxation		(1,710,576)	231,588
Tax on (loss)/profit	7	277,931	61,484
(Loss)/profit for the financial year		(1,432,645)	293,072

NWH WASTE SERVICES LIMITED

BALANCE SHEET

AS AT 30 SEPTEMBER 2020

	Notes	2020 £	£	2019 £	£
Fixed assets					
Goodwill	8		466,312		210,000
Other intangible assets	8		97,581		109,747
Total intangible assets			563,893		319,747
Tangible assets	9		12,229,287		9,495,159
Investment properties	10		-		650,000
			12,793,180		10,464,906
Current assets					
Stocks	11	256,396		74,190	
Debtors	12	7,119,775		8,330,360	
Cash at bank and in hand		3,147,587		903,151	
			10,523,758		9,307,701
Creditors: amounts falling due within one year	13	(17,733,667)		(14,354,085)	
Net current liabilities			(7,209,909)		(5,046,384)
Total assets less current liabilities			5,583,271		5,418,522
Creditors: amounts falling due after more than one year	14		(4,065,904)		(2,707,964)
Provisions for liabilities					
Deferred tax liability	17	515,975		276,521	
			(515,975)		(276,521)
Net assets			1,001,392		2,434,037
Capital and reserves					
Called up share capital	19		100,001		100,001
Profit and loss reserves	20		901,391		2,334,036
Total equity			1,001,392		2,434,037

The financial statements were approved by the board of directors and authorised for issue on 30 June 2021 and are signed on its behalf by:

M P Williams
Director

Company Registration No. SC335165

NWH WASTE SERVICES LIMITED

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 SEPTEMBER 2020

	Share capital	Profit and loss reserves	Total
	£	£	£
Balance at 1 October 2018	100,001	2,040,964	2,140,965
Year ended 30 September 2019:			
Profit and total comprehensive income for the year	-	293,072	293,072
Balance at 30 September 2019	100,001	2,334,036	2,434,037
Year ended 30 September 2020:			
Loss and total comprehensive income for the year	-	(1,432,645)	(1,432,645)
Balance at 30 September 2020	100,001	901,391	1,001,392

NWH WASTE SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2020

1 Accounting policies

Company information

NWH Waste Services Limited is a private company limited by shares incorporated in Scotland. The registered office is Unit 5 Mayfield Industrial Estate, Mayfield, Dalkeith, Midlothian, United Kingdom, EH22 4AD.

1.1 Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006.

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 £.

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

This company is a qualifying entity for the purposes of FRS 102, being a member of a group where the parent of that group prepares publicly available consolidated financial statements, including this company, which are intended to give a true and fair view of the assets, liabilities, financial position and profit or loss of the group. The company has therefore taken advantage of exemptions from the following disclosure requirements:

- Section 7 'Statement of Cash Flows': Presentation of a statement of cash flow and related notes and disclosures;
- Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instrument Issues': Interest income/expense and net gains/losses for each category of financial instrument; basis of determining fair values; details of collateral, loan defaults or breaches, details of hedges, hedging fair value changes recognised in profit or loss and in other comprehensive income;
- Section 26 'Share based Payment': Share-based payment expense charged to profit or loss, reconciliation of opening and closing number and weighted average exercise price of share options, how the fair value of options granted was measured, measurement and carrying amount of liabilities for cash-settled share-based payments, explanation of modifications to arrangements;
- Section 33 'Related Party Disclosures': Compensation for key management personnel.

The financial statements of the company are consolidated in the financial statements of The NWH Group Limited. These consolidated financial statements are available from its registered office, Unit 5, Mayfield Industrial Estate, Mayfield, Dalkeith, Midlothian, EH22 4AD.

NWH WASTE SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2020

1 Accounting policies

(Continued)

1.2 Going concern

At 30 September 2020, the company had net current liabilities of £7,209,909 (2019: £5,046,384).

The company continues to pay attention to the ongoing COVID-19 pandemic and the associated impact on the business. Although it is not possible to reliably estimate the length or severity of the outbreak, at the date of signing the financial statements, the company's operations are not significantly affected by the COVID-19 pandemic. The company has managed successfully through the past 12 months of the pandemic, utilising the Government support available to safeguard jobs and ease working capital requirements as well as receiving funding through the Coronavirus Business Interruption Loan Scheme (CBILS), negotiating debt repayment deferrals and taking other actions to manage short and longer term liquidity. The company's cash availability remains strong.

The current and future financial position of the company, the cash flows and liquidity position have been reviewed considering COVID-19. The forecasts have been sensitised to test the impact of scenarios should the company face a reduction in expected revenue generation. The forecasts show that the company can operate within its facilities and the directors consider the business to have adequate resources to navigate all foreseeable circumstances.

As such, the directors consider that it is appropriate to prepare the financial statements on the going concern basis.

1.3 Turnover

Turnover is recognised at the fair value of the consideration received or receivable for goods and services provided in the normal course of business, and is shown net of VAT and other sales related taxes. The fair value of consideration takes into account trade discounts, settlement discounts and volume rebates.

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer (usually on dispatch of the goods), the amount of revenue can be measured reliably, it is probable that the economic benefits associated with the transaction will flow to the entity and the costs incurred or to be incurred in respect of the transaction can be measured reliably.

1.4 Intangible fixed assets - goodwill

Goodwill, being the amount paid in connection with the acquisition of a business in 2005 has been fully amortised.

Goodwill, being the amount paid in connection with the acquisition of a business in 2017 is being amortised over 10 years.

For the purposes of impairment testing, goodwill is allocated to the cash-generating units expected to benefit from the acquisition. Cash-generating units to which goodwill has been allocated are tested for impairment at least annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit.

1.5 Intangible fixed assets other than goodwill

Intangible assets acquired separately from a business are recognised at cost and are subsequently measured at cost less accumulated amortisation and accumulated impairment losses.

Intangible assets acquired on business combinations are recognised separately from goodwill at the acquisition date where it is probable that the expected future economic benefits that are attributable to the asset will flow to the entity and the fair value of the asset can be measured reliably; the intangible asset arises from contractual or other legal rights; and the intangible asset is separable from the entity.

NWH WASTE SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2020

1 Accounting policies

(Continued)

Amortisation 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:

Software	33% on cost
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1.6 Tangible fixed assets

Tangible fixed assets 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:

Freehold land and buildings	2% on cost
Plant and equipment	20% on cost
Computer equipment	33% on cost
Motor vehicles	20% on cost

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 credited or charged to profit or loss.

As a result of changes in wear and tear of items of plant and machinery and motor vehicles, management carried out a review of residual values and estimated useful life in the current year. This has resulted in a decrease in depreciation expense in the year of £197k.

1.7 Investment properties

Investment property, which is property held to earn rentals and/or for capital appreciation, is initially recognised at cost, which includes the purchase cost and any directly attributable expenditure. Subsequently it is measured at fair value at the reporting end date. Changes in fair value are recognised in profit or loss.

1.8 Impairment of fixed assets

At each reporting period end date, the company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

NWH WASTE SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2020

1 Accounting policies

(Continued)

1.9 Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the stocks to their present location and condition.

Stocks held for distribution at no or nominal consideration are measured at the lower of cost and replacement cost, adjusted where applicable for any loss of service potential.

At each reporting date, an assessment is made for impairment. Any excess of the carrying amount of stocks over its estimated selling price less costs to complete and sell is recognised as an impairment loss in profit or loss. Reversals of impairment losses are also recognised in profit or loss.

1.10 Cash and cash equivalents

Cash and cash equivalents are basic financial assets and include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

1.11 Financial instruments

The company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the company's balance sheet when the company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Basic financial assets

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

Impairment of financial assets

Financial assets, other than those held at fair value through profit and loss, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been, had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

NWH WASTE SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2020

1 Accounting policies

(Continued)

Derecognition of financial assets

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the company transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

Classification of financial liabilities

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.

Basic financial liabilities

Basic financial liabilities, including creditors, bank loans, loans from fellow group companies and preference shares that are classified as debt, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Derecognition of financial liabilities

Financial liabilities are derecognised when the company's contractual obligations expire or are discharged or cancelled.

1.12 Equity instruments

Equity instruments issued by the company are recorded at the proceeds received, net of transaction costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the company.

1.13 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 profit and loss account 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.

NWH WASTE SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2020

1 Accounting policies

(Continued)

Deferred tax

Deferred tax liabilities are generally recognised for all timing differences and deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Such assets and liabilities are not recognised if the timing 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.

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 profit and loss account, 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.

1.14 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 stock or fixed 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.

1.15 Retirement benefits

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

1.16 Leases

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.

Assets held under finance leases are recognised as assets at the lower of the assets fair value at the date of inception and the present value of the minimum lease payments. The related liability is included in the balance sheet as a finance lease obligation. Lease payments are treated as consisting of capital and interest elements. The interest is charged to profit or loss so as to produce a constant periodic rate of interest on the remaining balance of the liability.

Rentals payable under operating leases, including 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 leases asset are consumed.

Rental income from operating leases is recognised on a straight line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight line basis over the lease term.

NWH WASTE SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2020

1 Accounting policies

(Continued)

1.17 Government grants

Government grants are recognised at the fair value of the asset received or receivable when there is reasonable assurance that the grant conditions will be met and the grants will be received.

A grant that specifies performance conditions is recognised in income when the performance conditions are met. Where a grant does not specify performance conditions it is recognised in income when the proceeds are received or receivable. A grant received before the recognition criteria are satisfied is recognised as a liability.

1.18 Foreign exchange

Transactions in currencies other than pounds sterling are recorded at the rates of exchange prevailing at the dates of the transactions. At each reporting end date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the reporting end date. Gains and losses arising on translation in the period are included in profit or loss.

2 Judgements and key sources of estimation uncertainty

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 where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

The key sources of estimation uncertainty in applying accounting policies in the financial statements are:

- Useful economic lives of intangible and tangible assets
- Residual values of tangible assets

The annual amortisation or depreciation charge for intangible and tangible assets is sensitive to changes in the estimated useful economic lives and residual values of assets. The useful economic lives and residual values are assessed annually and amended when necessary to reflect current estimates, based on technological advancements, future investments, economic utilisation and physical condition of the assets.

3 Turnover and other revenue

	2020	2019
	£	£
Turnover analysed by class of business		
Collection	9,689,624	10,756,670
Processing	13,565,534	15,912,834
	<u>23,255,158</u>	<u>26,669,504</u>
	<u>23,255,158</u>	<u>26,669,504</u>
	2020	2019
	£	£
Other significant revenue		
Grants received	864,827	-
	<u>864,827</u>	<u>-</u>

NWH WASTE SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2020

3 Turnover and other revenue

(Continued)

The directors consider there to be one geographical market of turnover, the United Kingdom.

4 Operating (loss)/profit

	2020	2019
	£	£
Operating (loss)/profit for the year is stated after charging/(crediting):		
Government grants	(864,827)	-
Fees payable to the company's auditor for the audit of the company's financial statements	14,750	10,250
Depreciation of owned tangible fixed assets	671,835	877,714
Depreciation of tangible fixed assets held under finance leases	915,426	746,928
Loss on disposal of tangible fixed assets	141,911	58,988
Amortisation of intangible assets	149,095	32,101
Operating lease charges	1,477,558	1,289,081

5 Employees

The average monthly number of persons (including directors) employed by the company during the year was:

	2020	2019
	Number	Number
Recycling	162	143

Their aggregate remuneration comprised:

	2020	2019
	£	£
Wages and salaries	5,119,644	4,989,979
Social security costs	486,765	502,869
Pension costs	21,728	39,647
	5,628,137	5,532,495

6 Interest payable and similar expenses

	2020	2019
	£	£
Interest on bank overdrafts and loans	-	20,563
Interest on finance leases and hire purchase contracts	70,903	101,909
Other interest	19,000	36,948
	89,903	159,420

NWH WASTE SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2020

7 Taxation

	2020 £	2019 £
Current tax		
Adjustments in respect of prior periods	(517,385)	(41,577)
Deferred tax		
Origination and reversal of timing differences	206,922	(19,907)
Changes in tax rates	32,532	-
Total deferred tax	239,454	(19,907)
Total tax credit	(277,931)	(61,484)

The actual credit for the year can be reconciled to the expected (credit)/charge for the year based on the profit or loss and the standard rate of tax as follows:

	2020 £	2019 £
(Loss)/profit before taxation	(1,710,576)	231,588
Expected tax (credit)/charge based on the standard rate of corporation tax in the UK of 19.00% (2019: 19.00%)	(325,009)	44,002
Tax effect of expenses that are not deductible in determining taxable profit	20,188	12,427
Tax effect of income not taxable in determining taxable profit	-	(44,380)
Adjustments in respect of prior years	(517,385)	(41,577)
Group relief	-	(37,720)
Permanent capital allowances in excess of depreciation	22,623	8,019
Research and development tax credit	(2,909)	(4,596)
Adjust closing deferred tax to average rate	-	2,341
Losses carried back	492,029	-
Remeasurement of deferred tax for changes in tax rates	32,532	-
Taxation credit for the year	(277,931)	(61,484)

NWH WASTE SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2020

8 Intangible fixed assets

	Goodwill £	Software £	Total £
Cost			
At 1 October 2019	823,447	112,240	935,687
Additions	364,901	28,340	393,241
At 30 September 2020	1,188,348	140,580	1,328,928
Amortisation and impairment			
At 1 October 2019	613,447	2,493	615,940
Amortisation charged for the year	108,589	40,506	149,095
At 30 September 2020	722,036	42,999	765,035
Carrying amount			
At 30 September 2020	466,312	97,581	563,893
At 30 September 2019	210,000	109,747	319,747

The trade and certain assets of a waste services business based in the South of Scotland were acquired during the year. Full details of the acquisition are disclosed in the consolidated financial statements of The NWH Group Limited.

9 Tangible fixed assets

	Freehold land and buildings £	Plant and equipment £	Computer equipment £	Motor vehicles £	Total £
Cost					
At 1 October 2019	1,564,349	9,906,207	95,510	4,330,336	15,896,402
Additions	-	3,558,722	1,411	945,611	4,505,744
Disposals	-	(162,200)	-	(53,300)	(215,500)
At 30 September 2020	1,564,349	13,302,729	96,921	5,222,647	20,186,646
Depreciation and impairment					
At 1 October 2019	309,636	4,800,096	28,379	1,263,132	6,401,243
Depreciation charged in the year	37,981	1,052,522	29,073	467,685	1,587,261
Eliminated in respect of disposals	-	(13,445)	-	(17,700)	(31,145)
At 30 September 2020	347,617	5,839,173	57,452	1,713,117	7,957,359
Carrying amount					
At 30 September 2020	1,216,732	7,463,556	39,469	3,509,530	12,229,287
At 30 September 2019	1,254,713	5,106,111	67,131	3,067,204	9,495,159

NWH WASTE SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2020

9 Tangible fixed assets

(Continued)

The net carrying value of tangible fixed assets includes the following in respect of assets held under finance leases or hire purchase contracts.

	2020 £	2019 £
Plant and equipment	5,080,193	2,254,661
Motor vehicles	2,632,147	1,931,685
	<u>7,712,340</u>	<u>4,186,346</u>

10 Investment property

	2020 £
Fair value	
At 1 October 2019	650,000
Disposals	(650,000)
	<u>-</u>
At 30 September 2020	<u>-</u>

11 Stocks

	2020 £	2019 £
Raw materials and consumables	256,396	74,190
	<u>256,396</u>	<u>74,190</u>

12 Debtors

	2020 £	2019 £
Amounts falling due within one year:		
Trade debtors	4,095,544	3,903,891
Corporation tax recoverable	560,385	67,357
Amounts owed by group undertakings	1,356,620	3,172,456
Other debtors	600,834	522,415
Prepayments and accrued income	506,392	664,241
	<u>7,119,775</u>	<u>8,330,360</u>

Included within trade debtors is £3,154,556 (2019: £3,211,535) which is subject to an invoice discounting arrangement.

NWH WASTE SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2020

13 Creditors: amounts falling due within one year

	Notes	2020 £	2019 £
Obligations under finance leases	16	1,993,543	1,480,488
Invoice finance borrowings	15	2,385,245	2,296,395
Trade creditors		1,989,058	1,838,713
Amounts owed to group undertakings		8,373,588	7,271,279
Taxation and social security		254,897	148,498
Other creditors		393,085	381,311
Accruals and deferred income		2,344,251	937,401
		<u>17,733,667</u>	<u>14,354,085</u>

RBS Invoice Financing Ltd (RSBIF) hold a floating charge in relation to the purchased debts. RSBIF's floating charge shall insofar as it relates to the purchased debts, but no further or otherwise, rank in priority to the Bank's floating charge.

The Royal Bank of Scotland holds a bond and floating charge over the whole assets of the company together with cross guarantees between NWH Waste Services Limited and other group companies.

Included within the intercompany creditor is a balance of £511,303 (2019: £567,382) due to HMRC in relation to VAT. This is payable on behalf of the company by the NWH Group Limited.

14 Creditors: amounts falling due after more than one year

	Notes	2020 £	2019 £
Obligations under finance leases	16	<u>4,065,904</u>	<u>2,707,964</u>

15 Loans and overdrafts

	2020 £	2019 £
Invoice financing borrowings	<u>2,385,245</u>	<u>2,296,395</u>
Payable within one year	<u>2,385,245</u>	<u>2,296,395</u>

NWH WASTE SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2020

16 Finance lease obligations

	2020	2019
	£	£
Future minimum lease payments due under finance leases:		
Within one year	1,993,543	1,480,488
In two to five years	4,065,904	2,707,964
	<u>6,059,447</u>	<u>4,188,452</u>

Finance lease payments represent rentals payable by the company for certain items of plant and machinery. Leases include purchase options at the end of the lease period, and no restrictions are placed on the use of the assets. The average lease term is 5 years. All leases are on a fixed repayment basis and no arrangements have been entered into for contingent rental payments.

Finance lease liabilities are secured over the assets they were used to acquire.

17 Deferred taxation

The following are the major deferred tax liabilities and assets recognised by the company and movements thereon:

	Liabilities 2020	Liabilities 2019
	£	£
Balances:		
Accelerated capital allowances	<u>515,975</u>	<u>276,521</u>
Movements in the year:		2020
		£
Liability at 1 October 2019		276,521
Charge to profit or loss		206,922
Effect of change in tax rate - profit or loss		32,532
Liability at 30 September 2020		<u>515,975</u>

The deferred tax liability set out above relates to accelerated capital allowances.

18 Retirement benefit schemes

	2020	2019
	£	£
Defined contribution schemes		
Charge to profit or loss in respect of defined contribution schemes	<u>21,728</u>	<u>39,647</u>

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.

NWH WASTE SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2020

19 Share capital

	2020 £	2019 £
Ordinary share capital		
Issued and fully paid		
100,001 Ordinary shares of £1 each	100,001	100,001

Each share holds the right to one vote. Dividends are allotted in proportion to shareholdings. If the company was to be dissolved on a winding up basis distributions would be shared in proportion to shareholdings. Issued shares hold no right of redemption.

20 Profit and loss reserves

	2020 £	2019 £
At the beginning of the year	2,334,036	2,040,964
(Loss)/profit for the year	(1,432,645)	293,072
At the end of the year	901,391	2,334,036

21 Operating lease commitments

Lessee

	2020 £	2019 £
Within one year	242,898	355,088
Between two and five years	251,863	440,846
	494,761	795,934

22 Events after the reporting date

In March 2021 the Company acquired the trade and certain assets of a waste services business based in the North East of England.

23 Related party transactions

Transactions with related parties

During the year the company entered into the following transactions with related parties:

	Sales		Purchases	
	2020 £	2019 £	2020 £	2019 £
Other related parties	-	716	165,000	99,000

NWH WASTE SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2020

23 Related party transactions

(Continued)

	Sale of investment property	
	2020	2019
	£	£
Other related parties	650,000	-

The following amounts were outstanding at the reporting end date:

	2020	2019
	£	£
Amounts due to related parties		
Other related parties	290,000	320,000

The following amounts were outstanding at the reporting end date:

	2020	2019
	£	£
Amounts due from related parties		
Other related parties	515,572	505,859

The company has taken exemption provided by Paragraph 33.1A of Financial Reporting Standard 102 and accordingly has not disclosed any transactions with group undertakings.

24 Ultimate controlling party

The company is a 100% subsidiary of The NWH Group Limited, a company registered in Scotland.

The largest and smallest group into which the results of the company are consolidated is that headed by The NWH Group Limited. The consolidated accounts of this company are available to the public and may be obtained from Companies House.

No other group accounts include the results of the company.

The company is under the control of the directors, M P Williams, C D Williams and R A Williams, by virtue of their majority shareholding in The NWH Group Limited.

This document was delivered using electronic communications and authenticated in accordance with the registrar's rules relating to electronic form, authentication and manner of delivery under section 1072 of the Companies Act 2006.