

Company Registration No. SC436030 (Scotland)

ZERO WASTE SCOTLAND LIMITED
(A COMPANY LIMITED BY GUARANTEE)
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2022



ZERO WASTE SCOTLAND LIMITED
(A COMPANY LIMITED BY GUARANTEE)
COMPANY INFORMATION

Directors	G O Sullivan J Swadling H Wollaston (Interim chair from 28 December 2021) M MacDonald I Gulland S Robinson (Appointed 22 February 2022) A Singh (Appointed 22 February 2022)
Secretary	C McGuigan
Company number	SC436030
Registered office	Ground Floor Moray House Forthside Way Stirling FK8 1QZ
Auditor	Johnston Carmichael LLP 227 West George Street Glasgow G2 2ND

**ZERO WASTE SCOTLAND LIMITED
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ZERO WASTE SCOTLAND LIMITED (A COMPANY LIMITED BY GUARANTEE) STRATEGIC REPORT

FOR THE YEAR ENDED 31 MARCH 2022

Overview

This has been another extremely busy and successful year for Zero Waste Scotland as the organisation continues to go from strength to strength and the profile of the environmental agenda continues to grow exponentially both here in Scotland and internationally, as was most clearly visible when Glasgow finally became the proud host city of COP 26.

The year will however be most notable for the tragic and untimely passing of our founding Chairman, Vic Emery in December. Vic was passionate about this organisation and the opportunities and environmental necessity of transitioning Scotland to a more circular economic model. His vast network and leadership acumen helped establish the organisation here in Scotland eight years ago and was instrumental in driving it forward since then. I would like to put on record my enormous gratitude to Vic for his support and mentorship over that period and all that he did to progress our agenda. I would also like to thank our interim chair Helen Wollaston for stepping up at such a difficult time and the Zero Waste Scotland Board for their ongoing support.

As an organisation we will continue to work tirelessly to realise Vic's vision and untap the strategic, environmental and economic benefits that a circular economy here in Scotland can bring.

On behalf of the Board, I would also like to extend my gratitude to John Watt, who came to the end of his tenure on the Board during the year. John has served on the Board since 2014 and his counsel throughout that time has been extremely valuable as the organisation has continued to grow.

Looking ahead to 2022 and beyond, the urgent need for change has probably never been greater but there is also a lot to be excited and hopeful about. Of particular note, and with our ongoing support, the Scottish Government have just launched two very important consultations on the Circular Economy Bill and Delivering Scotland's circular economy: A Route Map to 2025 and beyond which will set out the strategic ambition and action plan for delivering a more circular economy across Scotland and be fundamental to shaping our organisational agenda in the years ahead. Between them they set out how we as a country intend to deliver a system wide change and accelerate progress to a more circular, prosperous and sustainable economy, including rethinking how we consume as a nation. We will support the Government throughout these consultations, continuing to play a critical role in making the circular economy a reality and a success here in Scotland.

Review of the business of the company during the year

Zero Waste Scotland is a company limited by guarantee and was incorporated on 2 November 2012. Its role is to deliver on the Scottish Government's policies and strategies for the circular economy, waste reduction and resource efficiency, working closely with businesses, public bodies and communities in Scotland. The Board comprises six non-executive directors and an executive director. The Scottish Ministers and non-executive directors are collectively the company's Members.

Zero Waste Scotland's overarching vision is to create a Scotland where no resources are wasted and circular economy principles are embedded across the country, directly supporting the Scottish Government in delivering their environmental objectives and creating a platform for strong and sustainable economic growth and a just transition to net zero carbon emissions.

The organisation has four strategic outcomes focused on creating a Scottish economy where goods and services are consumed and produced responsibly, with the least environmental impact and the value of waste is maximised with residual waste minimised and eradicated wherever possible. The organisation also has an ambitious internal transformation agenda to help ensure that it continues to operate as efficiently and effectively as possible, maximising its impact with the least possible resource.

During 2021/22, Zero Waste Scotland was funded primarily by £21m (2020/21: £19.5m) of Scottish Government Grant and £1.7million (2020/21: £2.6m) of European Regional Development Funding (ERDF). The organisation also administered £5.3m (2020/21: nil) of Recycling Improvement Fund grants on behalf of the Scottish Government which was invested exclusively with Local Authorities to acquire capital infrastructure that will be critical to driving a step change in regional and national recycling performance.

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Zero Waste Scotland provides a range of support programmes, campaigns and other interventions to help communities and organisations on the journey to a circular economy, zero waste and resource efficiency. These include:

- Advice and support programmes helping organisations save money and reduce energy, resources and waste;
- Technical and operational support to local authorities, resource management businesses and the third sector;
- Stimulating the development of infrastructure for recycled products, closed loop recycling and re-manufacturing;
- Managing a multi-year ERDF programme which will accelerate Scotland's transition to a resource efficient circular economy by providing targeted support to small and medium sized enterprises (SMEs) and the third sector to help them reduce costs and carbon emissions;
- Local and national marketing campaigns to raise awareness and encourage behaviour change including, Food Waste, Everything has a Carbon Cost, Love Food Hate Waste, Recycle for Scotland, Managing our Waste, Face It: Reuse Beats Single-use and Scotland is Stunning;
- Increasing standards and developing markets for reused goods through programmes like Revolve store certification;
- Provision of revenue and capital grants for investment in the circular economy and prevention of waste;
- Carrying out research, providing training and identifying best practice; and
- Helping organisations to comply with waste and other environmental regulations.

2021/22 was another incredibly busy year for Zero Waste Scotland, as Scotland transitioned away from the strictest COVID restrictions and environmental challenges were pushed higher up the agenda of organisations across the country. Demand for our services and support has grown and grown, as a result.

Delivery highlights for 2021/22 included the following:

- **COP26:** Alongside the televised Conscientious Consumer Campaign: 'Everything has a carbon cost'; a Food Waste Campaign was developed in conjunction with the photographer, John Rankin. Both raised the issue of consumption with decision makers and society at large. The latter had a reach of 1.3bn people through 101,000 social engagements. Our virtual COP26 events also attracted significant engagement, helping drive forward our key messages around unsustainable consumption practices and the role of a truly circular economy.
- **Recycling Improvement Fund** – Fund launched on Global Recycling Day, awarding £20.3m of multi-year investment to Local Authorities with the potential to divert 22,000 tonnes of materials from landfill and drive carbon savings of 21,000 tonnes per annum
- **Target Route Map** – Lead body for the initial consultation and stakeholder engagement exercises developing the outline route map for the future of waste management across Scotland
- **Circular Economy Bill:** Co-design of Scotland's first Circular Economy Bill, providing evidence and policy insight, reviewing international best practice, identifying opportunities and leading on impact assessments and helping develop the consultation approach to maximise involvement.
- **Recycling Charter** – Supported Local Authorities across Scotland so all 32 have now signed up to the Household Recycling Charter code of practice and provided dedicated support to these bodies to support their move towards full compliance and to help drive the most impactful changes to recycling services.
- **Deposit Return Scheme** – Ongoing support to the Government and Scheme Administrator to update regulations, undertake impact assessments and help ensure the successful establishment of the scheme within the revised timescales.
- **Circular Economy Investment Fund** – A further £3.2m of targeted investment (50% provided through the European Regional Development Fund) was provided to small and medium enterprises across Scotland developing innovative circular economy solutions with transformative potential. This takes the total number of businesses supported to 68, with just over £6m of Scottish Government funding forecast to save in excess of 60,000 tonnes of carbon per year, directly unlocking £35m of upfront private sector investment and significantly more secondary investment and creating 320 sustainable jobs.

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- **Litter and Flytipping** – Provided technical advice and support to Government and led the stakeholder consultation around the National Litter and Flytipping Strategy. Additionally ran the Scotland is Stunning and Face-It litter campaigns which achieved extensive reach across the country.
- **Scottish Waste Environmental Foot-printing Tool (SWEFT)**: Building on the success of the Carbon Metric tool, this new product has achieved international research buy-in though considering and measuring both carbon and non-carbon environmental indicators and impacts.
- **Material Flow Account**: Published Scotland's first material flow account, detailing how materials move in, around and out of Scotland. Understanding this flow helps us to understand how we can reduce demand and target interventions where they can have most impact.
- **Sustainable Procurement**: Following the extension to European ProCirc funding to June 2023, training materials were developed for procurement professionals including Scottish Government Procurement & Property Directorate, forming the basis for a Circular Procurement Community of Practice.
- **Carbon in the Built Environment**: Collaborated with Scottish Futures Trust to develop and publish the Net Zero Public Sector Building Standard to support organisations in meeting their Net Zero commitments for major new build and refurbishment projects.
- **Reducing Food Waste**: Although impacted by Covid, launched the NHSS Food Waste Mapping Guide and identified £4.2m savings for the NHSS. Worked across hospitality and retail sectors to identify food waste reduction opportunities. Launched our Behavioural Expert Panel in response to COP26 to identify interventions to reduce food waste in the home. Aligned the consultation for the FWRAP review with the Waste Route Map.
- **Single Use Plastics Directive**: Launched Ditching Disposables in Portobello, the first pilot aimed at reducing single use of plastic cups in takeaway and restaurant settings. With a visit from Lorna Slater, MSP and Minister for Green Skills, Circular Economy and Biodiversity, the project aligns with the Scottish Government commitment laid out in Article 4 of the legislation.
- **Energy Efficient Business Support Scotland**: After ten successful years the service was transferred to the EST as Business Energy Scotland. In 21/22 the service worked with 883 SMEs to identify cost savings of £8.7m and 18,787 tonnes of CO2 savings.
- **Net Zero Support**: Building on the launch of the Net Zero Plan, organisations were supported to develop their own plans. A suite of online tools to measure commuter and contractor carbon emissions and an office equipment carbon calculator were also developed.
- **Circular Economy Business Support**: Dedicated technical and general support to 30 Small and Medium Enterprises to develop their circular economy business models, include 10 intern placements. Pilots for non-SME support also rolled out during the year, in response to growing demand
- **Energy Infrastructure Material Mapping**: Collected and collated the first set of cross-industry data on the scale, timing, and geographic spread of materials availability that is needed to develop a plan and targeted support to keep resources in productive use in line with the greener energy transition
- **Battery Use**: In partnership with Transport Scotland and Scottish Enterprise, Zero Waste Scotland mapped and forecast Scotland's battery use, including publication of research and formalisation of an industry working group
- **Steel reuse and reprocessing**: Three linked pieces of new evidence on steel reuse and reprocessing were produced, to help inform policy, engage with key stakeholders and identify where to prioritise inward investment to have the maximum impact on carbon reduction and economic benefit.
- **Scottish ports**: Home to two-thirds of the UK's coastlines, Scotland is well-positioned to become a global leader in integrating the energy transition with the blue economy. We undertook research to identify and benchmark opportunities at Scottish ports and define what a 'circular port' could look like which will be used to inform engagement with key stakeholders.
- **Bioresources**: Revised our Biorefining for Scotland report which will be republished during 2022/23, used by multiple stakeholders to better understand current biological waste levels across Scotland and the associated by-products
- **Whisky Case Project**: Concluded a two-year project with Industrial Biotechnology Innovation Centre, Scotch Whisky Research Innovation Centre and solution providers to determine and demonstrate the value of adopting cascade opportunities for bio-based resources

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- **Climate Emergency Skills Action Plan:** Supported the Scottish Government to establish plans around how the Green Jobs Skills Hub would be developed and delivered, designed and scoped the Green Internships Scheme and Construction Retrofit National Training Programme
- **Local Heat & Efficiency Strategies:** Worked with the Scottish Government and partners to provide Scotland's 32 local authorities with tailored "First Pass" reports which will inform the development of individual Local Heat & Energy Efficiency Strategies implementation plans.
- **District heating networks:** Zero Waste Scotland supported clients to develop investment grade business cases and secure public and private capital finance. 10 pre-feasibility studies were undertaken that led to 6 feasibility studies and 3 outline business cases.

Future developments

The Corporate Plan 2019-23 sets out the organisation's purpose to lead Scotland to use products and materials responsibly. Zero Waste Scotland does this using its expertise and knowledge to influence and inspire others.

The four strategic outcomes: responsible consumption; responsible production; maximising value from waste and energy; and the transformation of Zero Waste Scotland as an organisation, guide all the work that the organisation undertakes. The organisation's core ambition is to tackle global climate emissions by focusing on the responsible production and consumption of products and materials and eliminating waste wherever possible.

The delivery plan for 2022/23, was agreed with Scottish Government in March 2022 and includes an ambitious set of deliverables to respond to the challenges faced across Scotland and the world due to the climate crisis.

Financial Review

During the 2021/22 financial year Zero Waste Scotland was funded through £21m (2020/21: £19.5m) of core Scottish Government Grant and £1.7m (2020/21: £2.6m) of European Regional Development Funding. The year-on-year growth of grant funding was due to a return to pre-pandemic levels as paused projects were restarted.

Zero Waste Scotland also administered £5.3m (2020/21: nil) of Recycling Improvement Fund capital grants on behalf of the Scottish Government. This funding was invested exclusively with Local Authorities to acquire capital infrastructure that will be critical to driving a step change in regional and national recycling performance.

Good progress has also been made with the recovery of historic ERDF income with £2.9m settled during the financial year (2020/21: £3.6m). Ongoing ERDF expenditure has remained high during the year with additional expenditure of £1.7m incurred during the financial year but the timely recovery has allowed the organisation to accelerate its repayment of the Scottish Government loan, reducing the balance owed to £4.2m (2020/21: £6.5m) as at 31 March 2022.

The outstanding ERDF debtor held on the balance sheet as at 31 March 2022, is £4m (20/21: £5.2m). The nature of the ERDF claims process means there will almost certainly be a difference between expenditure incurred on the programme and the amount eventually settled. Zero Waste Scotland manage this risk through rigorously assessing and adjusting ERDF transactions and the associated debtor balances on an ongoing basis. Management are of the view that the balance held as at 31 March 2022 is both reasonable and realistically recoverable.

**ZERO WASTE SCOTLAND LIMITED
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STRATEGIC REPORT**

FOR THE YEAR ENDED 31 MARCH 2022

Going concern

The company is funded principally through grants from the Scottish Government, with additional funding from the European Regional Development Fund (ERDF). The Scottish Government Grant is awarded annually.

The Directors have confidence that the company can continue to operate as a going concern for the next 12 months and beyond due to the following factors:

- Scottish Government has agreed Zero Waste Scotland's four-year Corporate Plan and the organisation will continue to be the key delivery agent to support Scotland's circular economy and other resource efficiency programmes. A core grant of £18.6 million has been awarded for 2022/23 to support these activities.
- Zero Waste Scotland has agreed a multi-year loan arrangement with Scottish Government, to support upfront cashflow requirements on the ERDF programme. Due to timelier receipts, the organisation has been able to accelerate the repayment plan against the loan with no further payments falling due in 2022/23 and an outstanding balance as at 31 March 2022 of £4.2m (2021/22: £6.6m).
- Cash and commitment levels are actively managed to ensure that the organisation continues to have sufficient liquidity and flexibility to adapt as plans change.
- Zero Waste Scotland embeds termination clauses within all supplier contracts and grant arrangements to minimise irrevocable commitments.

Risk management

The company has an Audit and Risk Committee, comprised of three non-executive directors with a background in finance and executive management, supported by the Chief Finance Officer. The purpose of the Committee is to provide assurance to the Board of Zero Waste Scotland that there is effective governance in place regarding arrangements for audit, financial budgeting and reporting, risk management and any other issues that are relevant for the Committee to consider.

This Committee and the Executive Leadership Team regularly review the risk register, which is also presented to and reviewed by the full Board. The key strategic risks and mitigation measures as at 31 March 2022 have been identified in the following table.

Description of risk	Mitigation measures
Impact of subsequent waves of Covid pandemic and new coronavirus strains	<ul style="list-style-type: none"> • The organisation's immediate response plans are now well tested and proven. The risk of further variants and restrictions remains and will be kept under review, but the current position is being managed effectively and colleagues have adapted well. • Given the ongoing normalisation, focus has now turned to embedding our digital first approach and a best-in-class hybrid working environment that maximises our impact while minimising our carbon footprint
Failure to deliver corporate ambitions	<p>Given the level of ambition within the Corporate Plan this remains a heightened risk for the organisation and is mitigated through:</p> <ul style="list-style-type: none"> • Regular Board and Executive level review of progress against the Corporate Plan, including deep dive sessions on each of our strategic outcomes • Comprehensive articulation of our Corporate Plan with stakeholders • Proactive engagement with partners to build new relationships and extend our reach • Improved management information and reporting to establish a clear golden thread of interventions from project to national level • Active engagement and support to Scottish Government on the forthcoming Circular Economy Bill and Target Route Map which will be pivotal to setting the strategic ambition and national direction of travel across the majority of organisational activities

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FOR THE YEAR ENDED 31 MARCH 2022

Description of risk	Mitigation measures
Inability to recruit and retain key skills	<p>The combination of external market competitiveness in the sector and wider developments in the recruitment market as a result of the pandemic means this continues to remain a heightened risk. Attrition rates for 2021/22 were 14.2% with most colleagues leaving for private sector employment in light of growing opportunities. Key mitigations, include:</p> <ul style="list-style-type: none"> • Development of our strategic talent approach to develop and make the most of our current staff • Establishment of our own graduate programme • Updating our broader benefits offer to ensure that we continue to remain competitive within the marketplace • Ongoing People Transformation programme to make Zero Waste Scotland best-in-class and an employer of choice for staff
Failure to maximise impact through stakeholder and working relations and engagement	<p>Our key stakeholder relationships remain very positive and constructive. We have however raised this risk in light of our growing ambition to widen our stakeholder influence and further pivot to a more strategic approach that will continue to maximise our impact. Key mitigations include:</p> <ul style="list-style-type: none"> • Key strategic partnerships in place at Board, CEO and Executive Leadership Team level. • Regular meetings with Scottish Government to identify opportunities and challenges, at all levels of the organisation • Active involvement in several cross-cutting, regional, national and international groups • Multiple public campaigns run every year on a variety of issues with growing reach to raise awareness, understand and drive behaviour change. • Key strategic partners identified as part of programme development to build and extend our influence and impact across a range of sectors • Transformation activity underway to support our approach to strategic partnerships, helping identify new opportunities and build further on existing relationships
Limited capacity for organisational transformation	<p>This risk relates to the capacity and capability of the organisation to transform which is a key enabler of our corporate ambition. This risk is considered to be reducing but will be kept under close review given how fundamental it remains to growing organisational impact. Mitigations include:</p> <ul style="list-style-type: none"> • Increased dedicated resources to drive forward the programme at pace • Increased collective change leadership across the organisation and growing team engagement • Regular communications on progress and ongoing feedback loop mechanisms for staff • Growing maturity of change and delivery management processes, creating capacity for further change and front-line delivery activities

**ZERO WASTE SCOTLAND LIMITED
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STRATEGIC REPORT**

FOR THE YEAR ENDED 31 MARCH 2022

Performance management

A range of financial and non-financial key indicators are used to measure performance and will continue to be reviewed and adapted, as necessary. Specific milestones are developed under each corporate strategic outcome to help manage progress throughout the year which are actively monitored by Outcome Boards, each of which have a member of the Executive as the Senior Responsible Officer and include cross-functional representation across the organisation.

Progress is reported to the Zero Waste Scotland Board and to the Scottish Government on a quarterly basis, helping ensure the whole organisation remains focused on the right priorities.

As noted above staff turnover has increased from what was an historically very low level, however attrition rates of 14.2% for 2021/22 remain very much in line with external benchmarks.

As we have transitioned away from the most severe pandemic restrictions, the organisation has continued to prioritise the health, wellbeing and safety of all colleagues who have been impacted in a variety of ways due to the pandemic. Zero Waste Scotland has prioritised the provision of flexible and tailored support to meet the individual needs of colleagues. Dedicated HR support has been received by all staff, alongside the flexibility to work around individuals' personal circumstances. All staff have had DSE assessments of their home working environment with equipment purchased wherever necessary. Wellbeing days have been held for all staff to promote the importance of health and wellbeing, along with on-line social events and the Executive have continued to host weekly all colleagues' meetings to help ensure a regular and effective flow of communications.

Colleagues have had the opportunity to benefit from a range of ongoing support, including an Employee Assistant Programme, Mental Health First Aiders and Mindfulness sessions. Regular staff surveys have been run to ascertain feedback from staff and take timely action, wherever necessary. Management believes these measures have been critical to maintaining very low sickness absences throughout the pandemic and ensuring staff can continue to maximise their productivity and impact.

As the year progressed focus has increasingly turned to embedding our digital first approach and a best-in-class hybrid working environment. Management believes these changes alongside our highly ambitious transformation programme will continue to make Zero Waste Scotland a great place to work and an employer of choice for the workforce.

Zero Waste Scotland is ISO14001 certified and a robust environmental management monitoring system is in place. A like-for-like comparison with prior year shows total carbon impact has been reduced by a further 23% at 111 tCO_{2e}. These figures include an estimate around commuting and home energy utilisation which are Scope 3 omissions and outside the direct control of the organisation but important when considering the overall carbon footprint.

The in-year saving has been driven by Zero Waste Scotland's digital first approach and move to permanent home working for most employees. The saving was greater during 2021/22 as the organisation made an upfront investment in equipment during the previous financial year to ensure staff had what they need to make home working a success and a sustainable direction of travel.

As society increasingly opens up and rules become more relaxed travel is anticipated to increase and the organisation recognises the importance of face-to-face meetings for staff. The carbon and cost impact will be mitigated through regular monitoring, encouraging the least carbon intensive mode of transport and a digital first approach.

On behalf of the board



I Gulland
Director

Date: 31st August 2022

ZERO WASTE SCOTLAND LIMITED
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DIRECTORS' REPORT
FOR THE YEAR ENDED 31 MARCH 2022

The Board presents its report and the audited financial statements for the year ended 31 March 2022.

Principal activities

Zero Waste Scotland is a company limited by guarantee which has entered into a grant funding agreement with the Scottish Government to deliver its circular economy strategy and other resource efficiency policies.

The current members of Zero Waste Scotland are the Scottish Ministers and the six non-executive Directors.

Results and dividends

The results for the year are set out on page 15.

Directors

The following directors have held office during the period:

V Emery (Chair)	(Death in Service)
H Wollaston (Interim chair from 28 December 2021)	
I Gulland	
M MacDonald	
G O Sullivan	
J Swadling	
J Watt	(Resigned 8 December 2021)
S Robinson	(Appointed 22 February 2022)
A Singh	(Appointed 22 February 2022)

Draft Financial Statements at 13 July 2022 at 10:23:04
ZERO WASTE SCOTLAND LIMITED
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DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2022

Board Development

New Board directors receive formal induction training to develop their knowledge and understanding of their role and to help them participate effectively in the performance of their duties. All Board directors are encouraged to attend relevant conferences and training events, as appropriate. Between Board meetings, directors are provided with opportunities to network with the Executive Leadership Team and other staff members. Further development needs are assessed and addressed as required.

The Chair of the Board's annual appraisal is carried out by the Director of Environment and Forestry of Scottish Government. Following on from this the Chair carries out appraisals with the rest of the Board.

Zero Waste Scotland is committed to equality and diversity and there are three female and four male directors on the Board. The Board has established a People and Remuneration Committee to advise and assist the Board on remuneration policy, talent management, and helping ensure that the organisation's culture is consistent with its values. The Board have also established an Audit and Risk Committee to oversee and ensure effective governance arrangements are in place, with particularly regard to financial and risk management

There were four full Board meetings during the year, four meetings of the People and Remuneration Committee and four Audit & Risk Committees (A&RC). The number of meetings each director attended is shown in the table below. The Board and Executive team also keep in regular contact through informal meetings across the year.

Director	Board	Audit & Risk	People & Remuneration
V Emery*	3/3	Not applicable	3/3
H Wollaston*	4/4	2/2	4/4
I Gulland	4/4	4/4	4/4
M MacDonald	4/4	4/4	Not applicable
G O Sullivan*	4/4	2/2	3/3
J Swadling	4/4	Not applicable	4/4
J Watt	3/3	2/2	Not applicable
S Robinson	1/1	1/1	Not applicable
A Singh	1/1	Not applicable	1/1

**In light of the untimely passing of our late chairman Vic Emery, Helen Wollaston has undertaken the role of interim chair and stood back from her role as a member of the Audit and Risk Committee. As a consequence, Gerard O Sullivan joined as an extra committee member during the year.*

Auditor

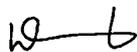
Johnston Carmichael act as the company's auditors following a successful tender and formal appointment in January 2019 for an initial 3-year term. The ongoing performance of the auditor is assessed by the Audit and Risk Committee.

Statement of disclosure to auditor

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the company's auditor is unaware; and each director has taken all the steps that he/she ought to have taken as a director to make him/herself aware of any relevant audit information and to establish that the company's auditor is aware of that information.

Draft Financial Statements at 13 July 2022 at 10:23:04
ZERO WASTE SCOTLAND LIMITED
(A COMPANY LIMITED BY GUARANTEE)
DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2022

On behalf of the board



I Gulland
Director

Date: 31st August 2022

**ZERO WASTE SCOTLAND LIMITED
(A COMPANY LIMITED BY GUARANTEE)
DIRECTORS' RESPONSIBILITIES STATEMENT
FOR THE YEAR ENDED 31 MARCH 2022**

The directors are responsible for preparing the strategic report, 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). 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 the surplus or deficit of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

**ZERO WASTE SCOTLAND LIMITED
(A COMPANY LIMITED BY GUARANTEE)
INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF ZERO WASTE SCOTLAND LIMITED**

Opinion

We have audited the financial statements of Zero Waste Scotland Limited (the 'company') for the year ended 31 March 2022 which comprise the statement of income and retained earnings, the balance sheet, the statement of cash flows and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 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 31 March 2022 and of its surplus 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 responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

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

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Other information

The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

**ZERO WASTE SCOTLAND LIMITED
(A COMPANY LIMITED BY GUARANTEE)
INDEPENDENT AUDITOR'S REPORT (CONTINUED)
TO THE MEMBERS OF ZERO WASTE SCOTLAND LIMITED**

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.

Matters on which we are required to report by exception

In the light of our 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 in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

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

Responsibilities of directors

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

**ZERO WASTE SCOTLAND LIMITED
(A COMPANY LIMITED BY GUARANTEE)
INDEPENDENT AUDITOR'S REPORT (CONTINUED)
TO THE MEMBERS OF ZERO WASTE SCOTLAND LIMITED**

Extent to which the audit is considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below:

We obtained an understanding of the legal and regulatory frameworks that are applicable to the company, focusing on provisions of those laws and regulations that had a direct effect on the determination of material amounts and disclosures in the financial statements. The most relevant frameworks we identified include:

- UK GAAP
- Companies Act 2006
- UK employment legislation
- Terms and conditions applicable to ERDF funding

We gained an understanding of how the company is complying with these laws and regulations by making enquiries of management and those charged with governance. We corroborated these enquiries through our review of submitted returns and board meeting minutes.

We assessed the susceptibility of the company's financial statements to material misstatement, including how fraud might occur, by meeting with management and those charged with governance to understand where it was considered there was susceptibility to fraud. We considered the overall control environment and how management and those charged with governance oversee the implementation and operation of controls. In areas of the financial statements where the risks were considered to be higher, we performed procedures to address each identified risk.

The following procedures were performed to provide reasonable assurance that the financial statements were free of material fraud or error:

- Reviewing minutes of meetings of management and those charged with governance;
- Enquiry of management and those charged with governance in respect of actual and potential litigation and claims and any known or suspected instances of non-compliance with laws and regulations, including fraud. This included enquiry of management and those charged with governance as to where they believe fraud is most likely to occur.
- Reviewing the level of and reasoning behind the company's procurement of legal and professional services;
- Performing audit work procedures over the risk of management override of controls, including testing of journal entries and other adjustments for appropriateness, evaluating the business rationale of significant transactions outside the normal course of business and reviewing judgements made by management in their calculation of accounting estimates for potential management bias;
- Obtaining an understanding, inspecting and challenging evidence for the assumptions and judgements used for calculating the ERDF debtor disclosed in the accounts.
- Considering the recoverability of the ERDF debtor balance, based on a comparison of management's own risk assessment and judgement applied to the recoverable balance against our own point estimate assessment based on available data.
- Procedures to confirm the existence, completeness and cut-off of grant income, ensuring recognised in line with the company's accounting policies.

Our audit procedures were designed to respond to the risk of material misstatements in the financial statements, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve intentional concealment, forgery, collusion, omission or misrepresentation. There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we are to become aware of it.

A further description of our responsibilities is available on the Financial Reporting Council's website at: <https://www.frc.org.uk/Our-Work/Audit/Audit-and-assurance/Standards-and-guidance/Standards-and-guidance-for-auditors/Auditors-responsibilities-for-audit/Description-of-auditors-responsibilities-for-audit.aspx>. This description forms part of our auditor's report.

**ZERO WASTE SCOTLAND LIMITED
(A COMPANY LIMITED BY GUARANTEE)
INDEPENDENT AUDITOR'S REPORT (CONTINUED)
TO THE MEMBERS OF ZERO WASTE SCOTLAND 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.



**Martin Bannerman (Senior Statutory Auditor)
For and on behalf of Johnston Carmichael LLP**

Date: 01 September 2022

**Chartered Accountants
Statutory Auditor**

227 West George Street
Glasgow
G2 2ND

ZERO WASTE SCOTLAND LIMITED
(A COMPANY LIMITED BY GUARANTEE)
STATEMENT OF INCOME AND RETAINED EARNINGS
FOR THE YEAR ENDED 31 MARCH 2022

	Notes	2022 £000	2021 £000
Income	3	28,329	22,263
Administrative expenses		(26,931)	(21,914)
Operating surplus	4	1,398	349
Interest payable and similar expenses	8	(107)	(67)
Surplus before taxation		1,291	282
Tax on surplus		-	-
Surplus for the financial year		1,291	282
Retained earnings brought forward		(1,111)	(1,393)
Retained earnings carried forward		180	(1,111)

In the current and prior year period no dividend has been declared.

There are no deficits or surpluses for the period other than those reflected above. All activities are continuing.

ZERO WASTE SCOTLAND LIMITED
(A COMPANY LIMITED BY GUARANTEE)
BALANCE SHEET
AS AT 31 MARCH 2022

	Notes	2022		2021	
		£000	£000	£000	£000
Fixed assets					
Tangible assets	9		115		141
Current assets					
Debtors	10	7,098		5,730	
Cash at bank and in hand		1,727		2,459	
		<u>8,825</u>		<u>8,189</u>	
Creditors: amounts falling due within one year	11	<u>(4,601)</u>		<u>(3,392)</u>	
Net current assets			4,224		4,797
Total assets less current liabilities			<u>4,339</u>		<u>4,938</u>
Creditors: amounts falling due after more than one year	12		(4,159)		(6,049)
Net assets/(liabilities)			<u>180</u>		<u>(1,111)</u>
Reserves					
Income and expenditure account			<u>180</u>		<u>(1,111)</u>

The financial statements were approved by the board of directors and authorised for issue on 31st August 2022 and are signed on its behalf by:



.....
I Gulland
Director

Company Registration No. SC436030

ZERO WASTE SCOTLAND LIMITED
(A COMPANY LIMITED BY GUARANTEE)
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 MARCH 2022

	Notes	2022 £000	2021 £000
Cash flows from operating activities			
Cash generated from/(absorbed by) operations	19	1,802	(251)
Interest paid		(107)	(67)
Net cash inflow/(outflow) from operating activities		<u>1,695</u>	<u>(318)</u>
Investing activities			
Purchase of tangible fixed assets		(65)	(59)
Net cash used in investing activities		<u>(65)</u>	<u>(59)</u>
Financing activities			
Proceeds of Scottish Government loan		-	2,698
Repayment of Scottish Government loan		(2,362)	-
Net cash (used in)/generated from financing activities		<u>(2,362)</u>	<u>2,698</u>
Net (decrease)/increase in cash and cash equivalents		<u>(732)</u>	<u>2,321</u>
Cash and cash equivalents at beginning of year		<u>2,459</u>	<u>138</u>
Cash and cash equivalents at end of year		<u><u>1,727</u></u>	<u><u>2,459</u></u>

ZERO WASTE SCOTLAND LIMITED
(A COMPANY LIMITED BY GUARANTEE)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2022

1 Accounting policies

Company information

Zero Waste Scotland Limited is a private company limited by guarantee incorporated in Scotland. The liability of the members is limited, as detailed in the Memorandum of Association, to £1 each. Zero Waste Scotland Limited is a Public Benefit Entity.

The registered office is Ground Floor, Moray House, Forthside Way, Stirling, FK8 1QZ.

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 £000.

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

1.2 Going concern

These accounts have been prepared on the going concern basis, which assumes the company will continue to operate without significant curtailment for the foreseeable future, and at least 12 months from the date of approval of the financial statements. Within the 2021/22 financial year the organisation has managed to fully recover historic ERDF losses and remove itself from the net liabilities position that it was carrying. As set out in the strategic report, the Scottish Government has provided a multi-year loan to support the cashflow of the company while the ERDF claim applications are made and processed. The timing of receipt of ERDF has been the main uncertainty for the company in terms of cash flow and so the company liaises closely with the Scottish Government in this respect as well as actively managing its cash and commitment levels in supplier contracts and grant arrangements to minimise irrevocable commitments.

The Scottish Government has agreed the company's four-year Corporate Plan spanning 2019-2023 and the company enters into an annual specific grant funding agreement with the Scottish Government. £18.6 million has been agreed for 2022/23 and the Government have confirmed that they expect this arrangement will continue in to 2023/24, in line with previous practice, providing an expected level of income and expenditure for 12 months from authorising these financial statements in order to meet its liabilities as they fall due. As such, the directors believe the continued use of the going concern basis of preparation is reasonable.

1.3 Income and expenditure

Government grant income is recognised under the accruals model. Revenue grants receivable are credited to the Statement of Income and Retained Earnings in the period in which the funding is receivable and when there is reasonable assurance that the grant conditions will be met. Capital based government grants are included within accruals and deferred income in the Statement of Financial Position and credited to the Statement of Income and Retained Earnings over the estimated useful economic lives of the assets to which they relate.

All expenditure is charged in the period to which it relates on an accruals basis and a liability is recognised when there is a legal or constructive obligation.

ZERO WASTE SCOTLAND LIMITED
(A COMPANY LIMITED BY GUARANTEE)
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2022

1 Accounting policies **(Continued)**

1.4 Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost, net of depreciation and any impairment losses.

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

Office equipment	20% or 33% per annum
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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 surplus or deficit.

1.5 Impairment of fixed assets

At each reporting period end date, the company reviews the carrying amounts of its tangible 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.

1.6 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.

1.7 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 surplus and deficit, 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 surplus or deficit.

ZERO WASTE SCOTLAND LIMITED
(A COMPANY LIMITED BY GUARANTEE)
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2022

1 Accounting policies

(Continued)

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 surplus or deficit.

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 and loans, 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.

1.8 Taxation

No provision is made for corporation tax in these financial statements as, due to the nature of the company's activities, the directors do not believe it is undertaking a trade for corporation tax purposes.

1.9 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.

ZERO WASTE SCOTLAND LIMITED
(A COMPANY LIMITED BY GUARANTEE)
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2022

1 Accounting policies

(Continued)

1.10 Retirement benefits

The company operates a defined contribution pension scheme. The assets of the scheme constitute individual member accounts and are held separately from those of the company under an insured group pension arrangement. The pension cost charge represents contributions payable by the company to the fund and amounted to £1,031,000 (2021: £1,034,000). No outstanding contributions were payable to the fund at the year end.

1.11 Leases

Rentals payable under operating lease are charged to the income statement on a straight-line basis over the term of the lease.

1.12 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.

Government grants are recognised in accordance with the performance model. 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.

1.13 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.

Key sources of estimation uncertainty

The company makes estimates and assumptions concerning the future. The resulting accounting estimates and assumptions will, by definition, seldom equal the related actual results. The estimates and assumptions which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities are as follows.

ERDF Income recognition and debtor

In recognising ERDF income, management takes into account the risk that repayment is contingent upon full alignment to ERDF rules and regulations and submission of satisfactory evidence. As such the risk of not all income being recovered is adjusted and accounted for within these financial statements.

There is a carrying amount of £4,058,000 included within these financial statements in relation to outstanding European Regional Development Fund Income (2021: £5,202,000). As with all European funding, this is required to be verified by Scottish Government (acting as the Managing Authority) and the amount paid is likely to vary from the figure included. It is however the view of management that the estimates included within these statements are prudent and diligently prepared.

ZERO WASTE SCOTLAND LIMITED
(A COMPANY LIMITED BY GUARANTEE)
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2022

3 Income

The total turnover of the company for the year has been derived from its principal activity wholly undertaken in Scotland.

	2022	2021
	£000	£000
Scottish Government grant	21,044	19,461
Scottish Government RIF Grant	5,352	-
ERDF Income	1,651	2,557
Other income	282	245
	<u>28,329</u>	<u>22,263</u>

4 Operating surplus

	2022	2021
	£000	£000
Operating surplus for the year is stated after charging/(crediting):		
Exchange differences apart from those arising on financial instruments measured at fair value through profit or loss	(2)	2
Research and development costs	7	99
Fees payable to the company's auditor for the audit of the company's financial statements	20	19
Depreciation of owned tangible fixed assets	91	124
Operating lease charges	225	212
	<u>245</u>	<u>355</u>

5 Employees

The average monthly number of persons (excluding non-executive directors) employed by the company during the year was:

	2022	2021
	Number	Number
Corporate	46	38
Operational	117	128
	<u>163</u>	<u>166</u>

ZERO WASTE SCOTLAND LIMITED
(A COMPANY LIMITED BY GUARANTEE)
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2022

5 Employees **(Continued)**

Their aggregate remuneration comprised:

	2022	2021
	£000	£000
Wages and salaries	6,656	6,740
Social security costs	709	717
Pension costs	1,031	1,034
	<u>8,396</u>	<u>8,491</u>

6 Directors' remuneration

	2022	2021
	£000	£000
Remuneration for qualifying services	145	146
Company pension contributions to defined contribution schemes	21	20
	<u>166</u>	<u>166</u>

Non-Executive Directors received remuneration totaling £42,000 during the year (2021: £45,000).

Expenses paid to Board members during the year totaled £nil (2021: £nil).

7 Key management personnel

The total remuneration of the staff in the year who are considered to be key management personnel of the company was £641,000 (2021: £558,000).

Note that in line with standard practice the key management noted below consist of just the Executive Leadership Team of Zero Waste Scotland and not all management which has previously been disclosed.

Those considered key management personnel are:

- Director Iain Gulland
- People & Transformation Director Louise Smith
- Customer Engagement & Communications Director Jill Farrell
- Finance & Compliance Director Claire Lithgow (left 31 January 2022)
- Finance & Compliance Director Ciaran McGuigan (appointed 22 November 2021)
- Programmes & Projects Director Andy McIntosh
- Business Development & Innovation Director Matt Lancashire (left 17 December 2021)

8 Interest payable and similar expenses

	2022	2021
	£000	£000
Interest on financial liabilities measured at amortised cost:		
Interest on Scottish Government loan	107	67
	<u>107</u>	<u>67</u>

ZERO WASTE SCOTLAND LIMITED
(A COMPANY LIMITED BY GUARANTEE)
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2022

9 Tangible fixed assets

	Office equipment £000
Cost	
At 1 April 2021	638
Additions	65
	<hr/>
At 31 March 2022	703
	<hr/>
Depreciation and impairment	
At 1 April 2021	497
Depreciation charged in the year	91
	<hr/>
At 31 March 2022	588
	<hr/>
Carrying amount	
At 31 March 2022	115
	<hr/> <hr/>
At 31 March 2021	141
	<hr/> <hr/>

10 Debtors

	2022 £000	2021 £000
Amounts falling due within one year:		
Service charges due	14	6
Prepayments and accrued income	7,084	5,724
	<hr/>	<hr/>
	7,098	5,730
	<hr/> <hr/>	<hr/> <hr/>

11 Creditors: amounts falling due within one year

	Notes	2022 £000	2021 £000
Scottish Government loan arrangement	13	-	500
Trade creditors		168	1,955
Taxation and social security		203	208
Government grants	14	53	52
Accruals and deferred income		4,177	677
		<hr/>	<hr/>
		4,601	3,392
		<hr/> <hr/>	<hr/> <hr/>

ZERO WASTE SCOTLAND LIMITED
(A COMPANY LIMITED BY GUARANTEE)
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2022

12 Creditors: amounts falling due after more than one year

	Notes	2022 £000	2021 £000
Scottish Government loan arrangement	13	4,098	5,960
Government grants	14	61	89
		<u>4,159</u>	<u>6,049</u>

13 Loans and overdrafts

	2022 £000	2021 £000
Scottish Government loan arrangement	4,098	6,460
Payable within one year	-	500
Payable after one year	4,098	5,960
	<u>4,098</u>	<u>6,960</u>

The loan represent unsecured 4 year term loan facilities from the Scottish Government. Subject to certain conditions, interest is payable on the loan at a fixed rate of 1.75% per annum.

14 Government grants

	2022 £000	2021 £000
Arising from government grants	114	141
Deferred income is included in the financial statements as follows:		
Current liabilities	53	52
Non-current liabilities	61	89
	<u>114</u>	<u>141</u>

The grant relates to cash payments for fixed assets that have been paid out by Zero Waste Scotland but not yet incurred as expenditure as the assets will be depreciated in line with their useful lives. This balance is incorporated within the Scottish Government loan balance noted above.

15 Retirement benefit schemes

	2022 £000	2021 £000
Defined contribution schemes		
Charge to profit or loss in respect of defined contribution schemes	1,031	1,034
	<u>1,031</u>	<u>1,034</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.

ZERO WASTE SCOTLAND LIMITED
(A COMPANY LIMITED BY GUARANTEE)
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2022

16 Members' liability

The company is limited by guarantee, not having a share capital and consequently the liability of members is limited, subject to an undertaking by each member to contribute to the net assets or liabilities of the company on winding up such amounts as may be required not exceeding £1.

17 Operating lease commitments

Lessee

At the reporting end date the company had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	2022	2021
	£000	£000
Within one year	80	66
Between two and five years	67	-
	<u>147</u>	<u>66</u>

18 Related party transactions

No related party transactions exist between any Board member and any grantee or grantor.

19 Cash generated from/(absorbed by) operations

	2022	2021
	£000	£000
Surplus for the year after tax	1,291	282
Adjustments for:		
Finance costs	107	67
Depreciation and impairment of tangible fixed assets	91	124
Movements in working capital:		
(Increase)/decrease in debtors	(1,368)	836
Increase/(decrease) in creditors	1,708	(1,495)
Decrease in deferred income	(27)	(65)
Cash generated from/(absorbed by) operations	<u>1,802</u>	<u>(251)</u>

ZERO WASTE SCOTLAND LIMITED
(A COMPANY LIMITED BY GUARANTEE)
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2022

20 Analysis of changes in net debt

	1 April 2021	Cash flows	31 March 2022
	£000	£000	£000
Cash at bank and in hand	2,459	(732)	1,727
Borrowings	(6,460)	2,362	(4,098)
	<u>(4,001)</u>	<u>1,630</u>	<u>(2,371)</u>