

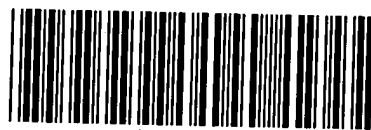
Registered Number: 2690488

# **The Coventry and Solihull Waste Disposal Company Limited**

## **Annual Report and Financial Statements**

31 March 2021

THURSDAY



\*AA8R65Q1\*

A18

15/07/2021

#48

COMPANIES HOUSE

# The Coventry and Solihull Waste Disposal Company Limited

---

## **Directors**

K Starkey

C Penson

R Gray

(Non-executive)

P Johnson

(Non-executive)

B Hastie

(Non-executive)

## **Auditors**

Ernst & Young LLP

No. 1 Colmore Square

Birmingham

B4 6HQ

## **Bankers**

Lloyds Bank Plc

30 High Street

Coventry

CV1 5RA

## **Registered office**

Waste to Energy Plant

Bar Road

Coventry

CV3 4AN

## Strategic report

The directors present their Strategic report for the year ended 31 March 2021.

### Review of the business

The principal activity of the Company during the year continued to be the generation of energy using waste materials as the energy source.

The Company's primary financial and non-financial key performance indicators are as follows:

	2021	2020	Movement
	£m	£m	%
Turnover	33.1	32.4	2.2
Operating profit	15.3	14.2	7.7
Profit before taxation	15.3	14.3	7.0
Shareholders' funds	27.0	23.6	14.4
Employee numbers	70	69	1.5

The increase in turnover and operating profit is primarily the result of a proactive maintenance regime resulting in a high level of plant availability and an increase in throughput rate due to a change in waste composition, which together have allowed the processing of higher volumes of waste and the generation of more electricity. This has been achieved despite electrical export prices being lower this year. In addition the higher availability, and to a lesser extent the impact of the coronavirus pandemic, has led to reduced operating costs.

The Company invested £3,240,000 (2020: £2,862,000) in tangible fixed asset additions during the year. The Company has a long term investment plan to maintain and improve operational performance and it continues to seek opportunities to ensure that future capacity remains filled and to provide financial stability.

### Principal risks and uncertainties

The principal risks and uncertainties facing the Company are outlined below:

#### *Commercial Risks*

Coronavirus – the coronavirus outbreak has been ongoing for over a year and the Company has implemented its pandemic mitigation plan in order to deal with its effects. The pandemic could impact the business in several areas. Waste availability could be affected but UK government guidance on waste collection to local authorities asks them to prioritise municipal residual waste collection which represents the majority of the Company's waste inputs. There could be an impact on the supply of goods and services, however the UK government has designated waste disposal as an essential service so companies supplying the industry are continuing to operate and supply goods and services. Where possible the Company has also increased stocks of essential consumables and spares. It is also continuing its programme of maintenance of the combustion units, on a normal basis to protect its ability to maintain output. The Company's operation relies on the availability of key highly trained staff to run and maintain the energy from waste plant. Staffing arrangements have been adjusted to allow greater flexibility and to reduce the risk of spreading infection amongst staff. The Company has considered the potential impact of the outbreak on liquidity, and whilst its cash position is strong it also has a committed bank facility of £2,000,000 and is eligible, subject to application and acceptance, for up to £10,000,000 of finance under the Recovery Loan Scheme (RLS).

## Strategic report (continued)

### Principal risks and uncertainties (continued)

**Business continuity** - the Company has previously undertaken a comprehensive risk assessment programme and has put in place a business continuity plan, which is kept under review, and which assesses the level of risk that exists and the potential consequences to the Company. The plan ensures that the physical and intellectual assets, as well as the commercial performance of the business, are appropriately safeguarded.

**Waste prices and availability** - the Company's operating performance is impacted by the price and availability of waste. The Company manages this risk by negotiating long term contracts with customers, which take into account the future impact of inflation, and by spreading risk by taking waste from multiple customers.

**Waste quality** - the Company's operating performance is affected by the quality of waste that is delivered by customers. Household waste can vary significantly in terms of its content, and consequently in terms of its calorific value and ease of combustion. Environmental factors can also have an impact, with wet waste as a result of rain and snow causing major operational difficulties. The Company has managed this problem by including waste acceptance criteria into contracts with customers, by engaging with customers to improve their systems for managing waste quality and by investing in the plant to improve its ability to burn an increasingly variable waste feedstock.

**Electricity prices** - the Company's operating performance is impacted by the price it is able to obtain for its electrical generation, the market price for which can be very volatile. The Company manages this risk by entering into fixed period supply agreements with customers, either on a one to one basis or through a public auction.

**Brexit** - the transition period, following the United Kingdom's exit from the European Union (EU) on 31<sup>st</sup> January 2020, itself ended on 31<sup>st</sup> December 2020. Whilst this has brought some certainty to trading arrangements with the EU, particularly in relation to tariffs, the administrative requirements for purchasing goods from the EU, particularly for customs clearance and the organisation of transport, have significantly increased. In other areas there continues to be significant uncertainty. Whilst the Company trades entirely within the United Kingdom, there are still a number of ways in which the decision to leave the EU could affect the Company in the future. These include the impact on the regulatory environment, which in recent years has been driven by the EU and the impact of a weakened pound which will make imports more expensive. In addition the macro economic impact of the leaving the EU could have a negative impact on consumer demand for goods and therefore a reduction in waste, which could lead to a reduction in available feedstocks. The Company will continue to monitor the effects of the decision to leave the EU and will take whatever steps are possible to mitigate any negative consequences and to take advantage of any opportunities that arise as a result of it.

#### *Regulatory Risks*

**Environmental risk** - the Company's operations are tightly controlled by UK and EU environmental regulations, and it operates under a permit issued by the Environment Agency. Failure to comply with the conditions of the permit could mean that the Company would have to shut down its process. To mitigate this risk the Company has personnel and systems in place to monitor its performance against the conditions of its permit. To aid the quality of its environmental performance the Company has an environmental management system which is externally audited and certified to the internationally recognised ISO14001 standard.

**Health and safety risk** - due to the nature of the processes it operates the Company has a significant level of health and safety risk. To mitigate this risk it employs an environment, health and safety advisor whose role is to monitor and improve performance and to promote health and safety awareness through training and the distribution of information. The Company's health and safety management system is externally audited and certified to the ISO45001 standard.

## Strategic report (continued)

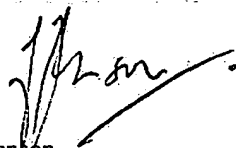
### Principal risks and uncertainties (continued)

#### *Financial Risks*

**Liquidity risk** – the Company manages its liquidity risk by managing its cash flow requirements. Forecasts of operating performance are regularly updated, and the cash flow forecast derived from this process is used to determine the quantum and the timing of significant non trading cash flows such as capital expenditure and returns to shareholders. In addition the Company maintains a short term funding facility with its bank.

**Foreign exchange risk** – the Company trades predominantly in Sterling. Where it does have significant exposure to material future cash flows in overseas currencies, typically in relation to capital projects, then it will hedge this risk using forward currency contracts.

On behalf of the Board



C Penson  
Director

Date: 12th July 2021

## Directors' report

The directors present the report for The Coventry and Solihull Waste Disposal Company Limited (Registered Number: 2690488) for the year ended 31 March 2021.

### Results and dividends

The profit for the year after taxation amounted to £12,326,000 (2020: £11,383,000). The directors have declared an interim dividend of £9,030,000, in respect of the ordinary shares for the year ended 31 March 2021 (2020: £10,380,000) none of which (2020: £171,000) remained unpaid at the year-end.

### Environment, health and safety

The Company recognises the importance of its environmental responsibilities and of complying with the Industrial Emissions Directive and the conditions of its Environmental Permit. The Company monitors its impact on the environment through an accredited Environmental Management System, with emissions to land, water and atmosphere under constant surveillance. The directors can report that in the year under review, there were no significant environmental impacts.

### Future developments

The Company intends, based on its long term contracts, to continue the thermal treatment of waste and the generation of electricity. The Company will continue to seek ways of maximising its revenues. The Company has assessed to impact of coronavirus on its future operations and these impacts and the mitigating actions it has taken are set out in more detail in the Strategic report on page 2.

### Going concern

The Company's business activities, together with the factors likely to affect its future development, its financial position, its financial risk management objectives, and its exposures to liquidity and cash flow risk are described in the Strategic report on pages 2 to 4. The Directors have considered the potential impact on the business of the coronavirus outbreak, and in particular have assessed the likelihood of it causing severe and prolonged disruption to operations.

The Directors have performed stress testing including considering the impact of being unable to operate the plant leading to reductions in revenue and increased costs through diversion of waste to landfill. They have considered the mitigating cost savings and deferrals and consider that even in the unlikely circumstances of being unable to operate the plant for one year the Company can still meet its liabilities as they fall due.

However, principally due to the measures taken to protect staffing levels, the designation of waste disposal as an essential service and the Company's strong cash position the directors do not consider that the coronavirus outbreak represents a likely threat to the Company's ability to continue as a going concern. In addition the Company has service level agreements with the shareholders until at least 2038 which guarantee that all suitable shareholder waste will be processed by the Company and the directors have not been provided with any other information or become aware of any other circumstances which exist that may cast significant doubt about the ability of the Company to continue as a going concern. On the basis of their assessment of the Company's financial position the Company's directors have a reasonable expectation that the Company will be able to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

### Directors

The directors who served the Company during the year were as follows:

K Starkey	
C Penson	
R Gray	(Non-executive)
P Johnson	(Non-executive)
B Hastie	(Non-executive)

## Directors' report (continued)

### Equal opportunities

The Company recognises that discrimination in the workplace in any form is unacceptable and in most cases unlawful. It is our policy to ensure that all job applicants and employees are treated fairly and without favour or prejudice. We are committed to applying this policy throughout all areas of employment, recruitment and selection, training, development and promotion. In all situations people will be judged solely on merit and ability.

### Employee involvement

The Company endeavours to keep employees informed on matters relevant to them as employees primarily through regular meetings of the Consultative Committee and team briefings.

### Financial instruments

As permitted by the Companies Act, certain items required to be included in the Directors report have been included in the Strategic report.

### Disclosure of information to the auditors

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information, being information needed by the auditor in connection with preparing its report, of which the auditor is unaware. Having made enquiries of fellow directors and the Company's auditor, each director has taken all the steps that he/she is obliged to take as a director in order to make himself/herself aware of any relevant audit information and to establish that the auditor is aware of that information.

### Auditors

Resolutions have been passed to dispense with the need for Annual General Meetings, the laying of financial statements and the annual appointment of auditors. Ernst & Young LLP will continue to be auditors until further notice.

On behalf of the Board



C Penson  
Director

Date: 12th July 2021

## Statement of directors' responsibilities

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

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

In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- provide additional disclosures when compliance with the specific requirements in FRS 102 is insufficient to enable users to understand the impact of particular transactions, other events and conditions on the group and company financial position and financial performance;
- state whether applicable UK Accounting Standards in conformity with the requirements of the Companies Act 2006 have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. 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.

Under applicable law and regulations, the directors are also responsible for preparing a Strategic report and Directors' report, that comply with that law and those regulations. The directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website.



## **Independent auditors' report**

to the members of The Coventry and Solihull Waste Disposal Company Limited

### **Opinion**

We have audited the financial statements of The Coventry and Solihull Waste Disposal Company Limited ('the company') for the year ended 31 March 2021 which comprise the Income Statement, the Statement of Comprehensive Income, the Statement of Changes in Equity, the Statement of Financial Position and the Statement of Cash Flows and the related notes 1 to 21, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the company's affairs as at 31 March 2021 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

### **Basis for opinion**

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

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

### **Conclusions relating to going concern**

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

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period 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. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the company's ability to continue as a going concern.

### **Other information**

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

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

## **Independent auditors' report (continued)**

to the members of The Coventry and Solihull Waste Disposal Company Limited

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 there is a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact.

We have nothing to report in this regard.

### **Opinions on other matters prescribed by the Companies Act 2006**

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

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

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

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

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

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

### **Responsibilities of directors**

As explained more fully in the directors' responsibilities statement set out on page 7, 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

## Independent auditors' report (continued)

to the members of The Coventry and Solihull Waste Disposal Company Limited

reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

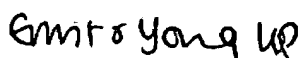
Our approach was as follows:

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the company and determined that the most significant are those that relate to the reporting framework (FRS 102 and the Companies Act 2006) and compliance with the relevant direct and indirect tax regulation in the United Kingdom. In addition, the company has to comply with operational and employment laws and regulations including those relating to environmental, health & safety regulations and GDPR.
- We understood how the company is complying with those frameworks by making enquiries of management and those charged with governance to understand how the company maintains and communicates its policies and procedures in these areas. We understood any entity level controls put in place by management to reduce the opportunities for fraudulent transactions.
- We assessed the susceptibility of the company's financial statements to material misstatement, including how fraud might occur through internal team conversations, enquiries of management and those charged with governance. Through these procedures we determined there to be a risk of management override in relation to the posting of non-standard journals to revenue. We agreed all revenue from the shareholders to third party confirmations and performed substantive analytical review procedures on electricity income. On the remaining revenue balance, in addition to agreeing a sample to source documentation, we investigated any transactions which did not meet our expectations based on specific criteria to gain an understanding and agree to source documentation.
- Based on our understanding we designed our audit procedures to identify non-compliance with these laws and regulations and to respond to the assessed risks. Our procedures included obtaining and reviewing board minutes, enquires of management and those charged with governance, and agreement of samples of transactions throughout the audit to supporting source documentation.

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

### Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.



Lorna McNeil (Senior statutory auditor)

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

Birmingham

Date 12 July 2021

## Income statement

for the year ended 31 March 2021

	Notes	2021 £'000	2020 £'000
<b>Turnover</b>	2	33,055	32,419
Cost of sales		(11,533)	(11,975)
<b>Gross profit</b>		21,522	20,444
Distribution costs		(25)	(24)
Administrative expenses		(6,220)	(6,223)
<b>Operating profit</b>	3	15,277	14,197
Interest receivable	6	28	102
Other finance costs	7	(37)	(42)
<b>Profit before taxation</b>		15,268	14,257
Tax	8	(2,942)	(2,874)
<b>Profit for the financial year</b>		12,326	11,383

All results relate to continuing activities in both the current and prior year.

## Statement of comprehensive income

for the year ended 31 March 2021

	Note	2021 £'000	2020 £'000
<b>Profit for the financial year</b>		12,326	11,383
Actuarial gain on pension scheme	18	80	311
Deferred tax relating to actuarial gain on pension scheme	8(b)	(15)	(30)
<b>Total comprehensive income for the year</b>		12,391	11,664

## Statement of changes in equity

for the year ended 31 March 2021

	<i>Called up share capital</i>	<i>Capital redemption reserve</i>	<i>Profit and loss account</i>	<i>Total share- holders' funds</i>
	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>
At 1 April 2019	-	14,925	7,404	22,329
Profit for the year	-	-	11,383	11,383
Actuarial gain on pension scheme	-	-	311	311
Deferred tax on actuarial gain	-	-	(30)	(30)
Dividends paid to shareholders (note 15)	-	-	(10,380)	(10,380)
Issue of bonus shares (note 14)	1,010	(1,010)	-	-
Capital reduction (note 16)	-	(13,915)	13,915	-
At 1 April 2020	1,010	-	22,603	23,613
Profit for the year	-	-	12,326	12,326
Actuarial gain on pension scheme	-	-	80	80
Deferred tax on actuarial gain	-	-	(15)	(15)
Dividends paid to shareholders (note 15)	-	-	(9,030)	(9,030)
At 31 March 2021	1,010	-	25,964	26,974

## Statement of financial position

at 31 March 2021

	Notes	2021 £'000	2020 £'000
<b>Fixed assets</b>			
Intangible assets	9	22	37
Tangible assets	10	20,967	21,139
		<u>20,989</u>	<u>21,176</u>
Stocks	11	53	45
Debtors	12	4,275	3,767
Current asset investments		5,094	5,081
Cash and cash equivalents		12,827	9,899
		<u>22,249</u>	<u>18,792</u>
<b>Creditors: amounts falling due within one year</b>	13	(13,593)	(13,679)
<b>Net current assets</b>		<u>8,656</u>	<u>5,113</u>
<b>Total assets less current liabilities</b>		<u>29,645</u>	<u>26,289</u>
<b>Provision for liabilities</b>	8(e)	(1,079)	(1,056)
<b>Net assets excluding pension liability</b>		<u>28,566</u>	<u>25,233</u>
Pension liability	18	(1,592)	(1,620)
<b>Net assets</b>		<u><u>26,974</u></u>	<u><u>23,613</u></u>
<b>Capital and reserves</b>			
Called up share capital	14	1,010	1,010
Profit and loss account		25,964	22,603
<b>Shareholders' funds</b>		<u><u>26,974</u></u>	<u><u>23,613</u></u>

Approved on behalf of the board by



K Starkey

Director

Date: 12 / 7 / 2021

## Statement of cash flows

for the year ended 31 March 2021

	Note	2021 £'000	2020 £'000
<b>Net cash inflow from operating activities</b>	17(a)	13,732	14,001
<b>Investing activities</b>			
Interest received		28	102
Payments to acquire intangible fixed assets		-	(28)
Payments to acquire tangible fixed assets		(3,319)	(2,328)
Movements in short term deposits		(13)	(549)
<b>Net cash outflow from investing activities</b>		<b>(3,304)</b>	<b>(2,803)</b>
<b>Financing</b>			
Dividends paid to shareholders		(7,500)	(9,000)
<b>Net cash outflow from financing activities</b>		<b>(7,500)</b>	<b>(9,000)</b>
<b>Increase in cash and cash equivalents</b>		<b>2,928</b>	<b>2,198</b>
<b>Cash and cash equivalents at 1 April</b>		<b>9,899</b>	<b>7,701</b>
<b>Cash and cash equivalents at 31 March</b>		<b>12,827</b>	<b>9,899</b>

## Notes to the financial statements

at 31 March 2021

### 1. Accounting policies

#### *Basis of preparation*

The financial statements of The Coventry and Solihull Waste Disposal Company Limited were approved for issue by the directors on 12 July 2021. The financial statements have been prepared in accordance with the historical cost convention in accordance with the Companies Act 2006. The financial statements are prepared in sterling which is the functional currency of the Company and rounded to the nearest £'000.

#### *Statement of compliance*

The Coventry and Solihull Waste Disposal Company Limited is a limited liability Company incorporated in England. The Registered Office is Bar Lane, Coventry CV3 4AN. The Company's financial statements have been prepared in compliance with FRS 102 as it applies to the financial statements of the Company for the year ended 31 March 2021.

#### *Going concern*

The Directors have considered the potential impact on the business of the coronavirus outbreak, and in particular have assessed the likelihood of it causing severe and prolonged disruption to operations. The Directors have performed stress testing including considering the impact of being unable to operate the plant leading to reductions in revenue and increased costs through diversion of waste to landfill. They have considered the mitigating cost savings and deferrals and consider that even in the unlikely circumstances of being unable to operate the plant for one year the Company can still meet its liabilities as they fall due. However, due principally to the measures taken to protect staffing levels, the designation of waste disposal as an essential service and the Company's strong cash position the directors do not consider that the coronavirus outbreak represents a likely threat to the Company's ability to continue as a going concern. The Company has a service level agreement with the 'A' and 'B' ordinary shareholders until 2041 which guarantees that all suitable 'A' and 'B' ordinary shareholder waste will be processed by the Company. The Company also has service level agreements with the 'C' ordinary shareholders until 2038 and 2041 which stipulate that a substantial volume of its waste will be processed by the Company. Having given consideration to its assessment of the impact of the coronavirus outbreak, the long term contracts and the Company's overall trading forecast, the directors consider that it is appropriate to prepare the financial statements on a going concern basis.

#### *Judgements and key sources of estimation uncertainty*

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the balance sheet date and the amounts reported for revenues and expenses during the year. Careful consideration of the impact of the coronavirus outbreak on the amounts reported for assets and liabilities has been made, although the value of any required adjustments is not material. In drawing this conclusion, the directors have considered the recoverability of debtors and any potential impairment of fixed assets. The defined benefit pension liability is dependent on an actuarial valuation. The actuarial valuation is based on a number of assumptions including discount rates, inflation, future salary increase, mortality rates and cash commutation. The valuation is most sensitive to the underlying discount rate and inflation assumptions. The company engages external experts in providing guidance over appropriate assumptions to use.



## Notes to the financial statements

at 31 March 2021

### 1. Accounting policies (continued)

#### Significant accounting policies

##### *Intangible fixed assets*

Intangible assets relate to software costs which are capitalised at cost. Intangible assets are amortised on a straight line basis over their estimated useful lives up to a maximum of 20 years.

##### *Tangible fixed assets*

Tangible assets are stated at cost less accumulated depreciation and accumulated impairment losses. Such costs include costs directly attributable to making the asset capable of operating as intended.

Depreciation is provided on all tangible fixed assets, other than freehold land, at rates calculated to write off the cost, less estimated residual value based on prices prevailing at the date of acquisition of each asset evenly over its expected useful life, as follows:

Leasehold land and buildings	-	Life of asset to a maximum of 20 years
Plant and equipment	-	Life of the asset to a maximum of 25 years
Fixtures and fittings	-	3 years

Assets in the course of construction are not depreciated until they are completed and enter service within the business.

The carrying value of tangible fixed assets is reviewed for impairment in periods if events or changes in the circumstances indicate the carrying value may not be appropriate.

##### *Revenue recognition*

Revenue is recognised to the extent that the Company obtains the right to consideration in exchange for its performance and services. Revenue is measured at fair value of the consideration received, excluding discounts, rebates, VAT and other sales tax duty. Revenue arising from waste disposal activities is recognised on receipt of the waste. Revenue from electricity generation is recognised at the point of generation. Revenue from government grants is recognised when it becomes due.

##### *Stocks*

Stocks are stated at the lower of purchase cost and net realisable value.

##### *Cash and short term deposits/current asset investments*

Cash and cash equivalents in the statement of financial position consists of cash balances and short term deposits with an original maturity date of three months or less. Short term deposits with a maturity of over three months are separately disclosed as current asset investments.

##### *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.

##### *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.

## Notes to the financial statements

at 31 March 2021

### 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 profit or loss.

#### *Basic financial liabilities*

Basic financial liabilities, including creditors, bank loans, loans from fellow group companies and invoice discounting advances 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. Loan arrangement fees are charged as an expense evenly over the term of the loan.

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

#### *Corporation tax*

Corporation tax is recognised for the amount payable in respect of the taxable profit for the current or past reporting periods using the tax rates and laws that have been enacted or substantively enacted at the balance sheet date.

#### *Deferred taxation*

Deferred taxation is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or right to pay less or to receive more, tax, with the following exception:

Deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

#### *Pensions*

The Company operates two pension schemes, a defined benefit scheme and a defined contribution scheme.

For the defined benefit scheme, the service cost of providing retirement benefits to employees during the year is charged to the operating profit or loss in the year. The full cost of providing amendments to benefits in respect of past service and gains and losses arising on unanticipated settlements or curtailments are also charged to the operating profit or loss in the year. The net interest element is determined by multiplying the net defined benefit liability by the discount rate, at the start of the period taking into account any changes in the net defined benefit liability during the period as a result of contribution and benefit payments. The net interest is recognised in profit or loss as other finance revenue or cost.

The defined net benefit pension liability in the balance sheet comprises the present value of the defined benefit obligation (using a discount rate based on high quality corporate bonds), less the fair value of plan assets out of which the obligations are to be settled directly. Fair value is based on market price information and in the case of quoted securities is the published bid price. The defined benefit scheme is accounted for using methods that rely on actuarial assumptions to estimate costs and liabilities for inclusion in the financial statements. These actuarial assumptions include discount rates, assumed rates of return, salary increases and mortality rates. The deficit on the defined benefit pension scheme is reported on the balance sheet as the pension liability.

For the defined contribution scheme, the amount charged to the profit and loss account in respect of pension costs is the contributions payable in the year. Differences between contributions payable in the year and contributions actually paid are shown either as accruals or prepayments in the balance sheet.

## Notes to the financial statements

at 31 March 2021

### 1. Accounting policies (continued)

#### *Operating leases*

Rentals payable under operating leases are charged in the profit and loss account on a straight line basis over the lease term.

#### *Government grants*

Government grants received under the Coronavirus Job Retention scheme for expenses already incurred are recognised in the Income Statement on a receipts basis.

#### *Dividends*

Dividends are recorded as distributed once they are approved and paid or a there is a binding obligation for their payment. Dividends are paid either in cash or by off-setting against trade debts.

### 2. Turnover

Turnover, which arises wholly within the United Kingdom, is attributable to one continuing activity, the generation of energy using waste materials as the energy source.

## Notes to the financial statements

at 31 March 2021

### 3. Operating Profit

This is stated after charging:

	2021 £'000	2020 £'000
Auditors' remuneration - audit services	35	33
- non-audit services - taxation	7	7
	<u>42</u>	<u>40</u>
Depreciation	3,412	3,295
Amortisation	15	33
Operating lease rentals - land and buildings	86	86
- plant and machinery	35	35
Other operating income - income from government grants	12	-
	<u>      </u>	<u>      </u>

### 4. Directors' emoluments

	2021 £'000	2020 £'000
Emoluments	<u>292</u>	<u>290</u>
Pension contributions to money purchase schemes	<u>64</u>	<u>76</u>
	<u>No.</u>	<u>No.</u>
Members of money purchase pension schemes	<u>2</u>	<u>2</u>
In respect of the highest paid director:		
	£	£
Emoluments	<u>145</u>	<u>136</u>
Pension contributions to money purchase schemes	<u>25</u>	<u>25</u>

## Notes to the financial statements

at 31 March 2021

### 5. Staff costs

	2021 £'000	2020 £'000
Wages and salaries	3,147	3,092
Social security costs	357	338
Other pension costs	782	765
	<u>4,286</u>	<u>4,195</u>

Included in other pension costs are £33,000 (2020: £54,000) in respect of the defined benefit scheme, and £749,000 (2020: £711,000) in respect of the defined contribution schemes.

The average monthly number of employees during the year amounted to 70 (2020: 69). This excludes 3 non-executive directors.

### 6. Interest receivable and similar income

	2021 £'000	2020 £'000
Bank interest receivable	<u>28</u>	<u>102</u>

### 7. Other finance costs

	2021 £'000	2020 £'000
Net interest cost on pension scheme assets and liabilities	<u>(37)</u>	<u>(42)</u>

## Notes to the financial statements

at 31 March 2021

### 8. Tax

#### (a) Tax on profit

The tax charge is made up as follows:

	2021 £'000	2020 £'000
<i>Current tax:</i>		
UK corporation tax on the profits for the year	2,971	2,702
Adjustments in respect of previous periods	(37)	(14)
<b>Total current tax</b>	<b>2,934</b>	<b>2,688</b>
<i>Deferred tax:</i>		
Origination and reversal of timing differences	(30)	47
Adjustment in respect of previous periods	38	9
Effect of changes in tax rate	-	130
<b>Total deferred tax</b>	<b>8</b>	<b>186</b>
<b>Tax on profit (note 8(c))</b>	<b>2,942</b>	<b>2,874</b>

#### (b) Tax included in statement of other comprehensive income

Deferred tax current year charge	15	30
	<b>15</b>	<b>30</b>

#### (c) Factors affecting tax charge for the year

The tax assessed for the year differs from the standard rate of corporation tax in the UK of 19% (2020: 19%). The differences are explained below:

	2021 £'000	2020 £'000
Profit before taxation	15,268	14,257
Profit multiplied by standard rate of corporation tax in the UK of 19% (2020: 19%)	2,901	2,709
<i>Effects of:</i>		
Expenses not deductible	40	40
Adjustments from previous periods	1	(5)
Tax rate changes	-	130
<b>Total tax on profit for the year (note 8(a))</b>	<b>2,942</b>	<b>2,874</b>

## Notes to the financial statements

at 31 March 2021

### 8. Tax (continued)

#### (d) Factors that may affect future tax charges

The Finance (No.2) Act 2015 reduced the main rate of UK corporation tax to 19%, effective from 1 April 2017. A further reduction in the UK corporation tax rate to 17% was expected to come into effect from 1 April 2020. However, legislation introduced in the Finance Act 2020 (substantially enacted on 19 March 2020) repealed the reduction of the corporation tax, thereby maintaining the current rate of 19%. Deferred taxes on the balance sheet have been measured at 19% (2020: 19%) which represents the future corporation tax rate that was enacted at the balance sheet date.

The UK Budget 2021 announcements on 3 March 2021 included measures to support economic recovery as a result of the ongoing COVID-19 pandemic. These included an increase to the UK's main corporation tax rate to 25%, which is due to be effective from 1 April 2023. These changes were not substantively enacted at the balance sheet date and hence have not been reflected in the measurement of deferred tax balances at the period end. If the company's deferred tax balances at the period end were re-measured at 25% this would result in a deferred tax charge of approximately £340,000.

#### (e) Deferred tax

	2021 £'000	2020 £'000
Pensions	302	308
Capital allowances in advance of depreciation	(1,387)	(1,370)
Other timing differences	6	6
Provision for deferred taxation	<u>(1,079)</u>	<u>(1,056)</u>
		£'000
Provision for deferred taxation at 1 April 2020		(1,056)
Adjustment in respect of prior years		(38)
Deferred tax charge to income statement for the period		30
Deferred tax charge in SOCI for the period		(15)
Provision for deferred taxation at 31 March 2021		<u>(1,079)</u>

## Notes to the financial statements

at 31 March 2021

### 9. Intangible fixed assets

	<i>Licence Costs £'000</i>	<i>Software Costs £'000</i>	<i>Total £'000</i>
Cost:			
At 1 April 2020	28	198	226
Disposals	-	(14)	(14)
At 31 March 2021	28	184	212
Amortisation:			
At 1 April 2020	28	161	189
Provided during the year	-	15	15
Disposals	-	(14)	(14)
At 31 March 2021	28	162	190
Net book value:			
At 31 March 2021	-	22	22
At 31 March 2020	-	37	37



## Notes to the financial statements

at 31 March 2021

### 10. Tangible fixed assets

	<i>Land and Buildings</i> £'000	<i>Plant and Machinery</i> £'000	<i>Fixtures and Fittings</i> £'000	<i>Total</i> £'000
Cost:				
At 1 April 2020	8,455	59,923	935	69,313
Additions	627	2,390	223	3,240
Disposals	(17)	(981)	(362)	(1,360)
At 31 March 2021	9,065	61,332	796	71,193
Depreciation:				
At 1 April 2020	5,127	42,264	783	48,174
Provided during the year	409	2,926	77	3,412
Disposals	(17)	(981)	(362)	(1,360)
At 31 March 2021	5,519	44,209	498	50,226
Net book value:				
At 31 March 2021	3,546	17,123	298	20,967
At 31 March 2020	3,328	17,659	152	21,139

Tangible fixed assets include £1,571,000 of assets under construction (2020: £889,000). £366,000 is included in land and buildings, £989,000 in plant and machinery and £216,000 in fixtures and fittings.

The net book value of land and buildings comprises:

	<i>2021</i> £'000	<i>2020</i> £'000
Long leasehold	3,546	3,328

### 11. Stocks

	<i>2021</i> £'000	<i>2020</i> £'000
Raw materials	53	45

Stocks recognised as an expense in the period were £603,000 (2020: £590,000).

## Notes to the financial statements

at 31 March 2021

### 12. Debtors

	2021 £'000	2020 £'000
Trade debtors	3,997	3,496
Prepayments and accrued income	278	271
	<u>4,275</u>	<u>3,767</u>

### 13. Creditors: amounts falling due within one year

	2021 £'000	2020 £'000
Trade creditors	1,883	1,781
Dividend payable	-	171
Corporation tax	1,566	1,416
Other taxation and social security	2,031	2,239
Accruals and deferred income	8,113	8,052
	<u>13,593</u>	<u>13,679</u>

The company took advantage of the VAT deferral scheme during the year, however all amounts deferred have been repaid by the year end.

### 14. Issued share capital

	No.	2021 £	No.	2020 £
<i>Allotted, called up and fully paid</i>				
'A' Ordinary shares of £1 each	660,000	660,000	660,000	660,000
'B' Ordinary shares of £1 each	330,000	330,000	330,000	330,000
'C' Ordinary shares of £1 each	20,000	20,000	20,000	20,000
		<u>1,010,000</u>	<u>1,010,000</u>	<u>1,010,000</u>

During the previous year the Company issued 1,009,899 bonus shares of £1 each from the capital redemption reserve to all existing ordinary shareholders in a ratio of 9,999 shares for every one share already held.

The 'A', 'B' and 'C' Ordinary shares rank pari passu except in respect of the following:

#### *Income*

Distributable profits may be distributed to the holders of the 'A' ordinary shares and 'B' ordinary shares according to the amounts paid up. No distributions will be made to the holders of the 'C' ordinary shares.

## Notes to the financial statements

at 31 March 2021

### 14. Issued share capital (continued)

#### *Capital*

On a return of capital on liquidation or otherwise, any balance of the assets of the Company remaining after payment of its debts, liabilities and costs of liquidation shall be distributed to the holders of the 'A' ordinary shares and 'B' ordinary shares according to the amounts paid up. No balance shall be distributed to the holders of the 'C' ordinary shares.

### 15. Dividends

	2021 £'000	2020 £'000
Interim dividend in specie for year settled via trade debts during the year	1,530	1,209
Interim dividend accrued	-	171
Interim dividend for year settled by cash	7,500	9,000
	<u>9,030</u>	<u>10,380</u>

The accrued interim dividend in the prior year was a legally binding liability and was paid subsequent to the year end.

### 16. Reserves

#### *Capital redemption reserve*

This reserve recorded the nominal value of preference shares redeemed by the Company. The final preference shares were fully redeemed in the year ended 31 March 2016.

During the previous year the capital redemption reserve was eliminated. The Company issued 1,009,899 bonus shares of £1 each from the capital redemption reserve to all existing ordinary shareholders in a ratio of 9,999 shares for every one share already held. The remaining balance of the capital redemption reserve of £13,915,101 was transferred to profit and loss account reserves in accordance with the capital reduction provisions of the Companies Act 2006.

## Notes to the financial statements

at 31 March 2021

### 17. Notes to the statement of cash flows

#### (a) Reconciliation of profit before taxation to net cash inflow from operating activities

	2021	2020
	£'000	£'000
Profit before taxation	15,268	14,257
<i>Adjustments to reconcile profit for the year to net cash from operating activities</i>		
Loss on disposal of fixed assets	-	-
Interest receivable	(28)	(102)
Other finance costs	37	42
Depreciation	3,412	3,295
Amortisation	15	33
Pension difference between service cost and contributions	15	(35)
<i>Working capital movements</i>		
Increase in debtors	(2,037)	(31)
Increase in stock	(8)	(5)
Decrease in creditors	(157)	(876)
<i>Taxation</i>		
Corporation tax paid	(2,785)	(2,577)
Net cash inflow from operating activities	13,732	14,001

#### (b) Cash and cash equivalents

	At 31 March 2021	At 31 March 2020
	£'000	£'000
Cash at bank and in hand	987	817
Short term deposits	11,840	9,082
Cash and cash equivalents	12,827	9,899

#### (c) Major non-cash transactions

See note 15 for details of the dividend in specie for the year ended 31 March 2021.

## Notes to the financial statements

at 31 March 2021

### 18. Pension commitments

The Company operates two pension schemes. Those employees with the Company at the transfer of trade on 1 April 1994 continue to be members of the defined benefit scheme. Individuals who became employees following the transfer of trade are members of the Company's defined contribution scheme.

#### *Defined Contribution Scheme*

Contributions made to the defined contribution scheme amounted to £749,000 (2020: £711,000) for the year and are charged to the profit and loss account as incurred.

#### *Defined Benefit Scheme*

Retirement benefits for employees in the defined benefit scheme are funded by contributions from the Company and employees. Payments are made to the West Midlands Pension Fund. This scheme is not available to new employees joining the Company.

The West Midlands Pension Fund is valued every three years by a professionally qualified independent actuary using the projected unit method, the rates of contribution payable being determined by the actuary. The results of the most recent valuation, relating to the Company's share of the assets in the scheme, was conducted at 31 March 2019 and has been updated by Barnett Waddingham (an independent actuary) to take account of the requirements of FRS 102 in order to assess the liabilities as at 31 March 2021. The employer expects to contribute £20,000 in the year to 31 March 2022.

The Company's share of the assets and liabilities of the scheme at 31 March are:

	2021 £'000	2020 £'000
<i>Scheme assets at fair value:</i>		
Equities	4,513	3,906
Government Bonds	763	797
Other Bonds	294	287
Property	553	610
Cash/liquidity	458	246
Other	1,079	1,015
	<hr/>	<hr/>
Fair value of assets	7,660	6,861
Present value of scheme liabilities	(9,252)	(8,481)
	<hr/>	<hr/>
Pension liability	(1,592)	(1,620)
	<hr/>	<hr/>

## Notes to the financial statements

at 31 March 2021

### 18. Pension commitments (continued)

The amounts recognised in the Income Statement and in the Statement of Comprehensive Income for the year are analysed as follows:

Recognised in the Income Statement:

	2021 £000	2020 £000
Current service cost	(33)	(34)
Past service cost including curtailments	-	(20)
Administration expenses	(5)	(5)
Recognised in arriving at operating profit	(38)	(59)
Net interest on pension scheme assets and liabilities	(37)	(42)
Recognised in other finance cost	(37)	(42)
Total recognised in the Income Statement	(75)	(101)

Analysis of amount recognised in the Statement of Comprehensive Income (SOCI):

	2021 £000	2020 £000
Return on fund assets in excess of/(less than) interest	1,128	(462)
Other actuarial gains on assets	-	94
Change in financial assumptions	(1,289)	695
Change in demographic assumptions	117	(216)
Experience gain on defined benefit obligation	124	200
Actuarial gain recognised in the SOCI	80	311

	2021 %	2020 %
<i>Main assumptions:</i>		
Rate of increase of salaries	3.85	2.95
Rate of increase of pensions in payment	2.85	1.95
Discount rate	1.90	2.30
Inflation assumptions (CPI)	2.85	1.95
Duration of scheme liabilities (years)	13.00	13.00
Post retirement mortality (years):		
Current pensioners at 65 - male	21.60	21.90
Current pensioners at 65 - female	23.90	24.10
Future pensioners at 65 - male	23.40	23.80
Future pensioners at 65 female	25.80	26.00

## Notes to the financial statements

at 31 March 2021

### 18. Pension commitments (continued)

The post-mortality assumptions allow for expected increases in longevity. The 'current' disclosures above relate to assumptions based on longevity (in years) following retirement at the balance sheet date, with 'future' being that relating to an employee retiring in twenty years' time.

Changes in the present value of the defined benefit obligations are analysed as follows:

	2021 £'000	2020 £'000
At 1 April	(8,481)	(9,333)
Current service cost	(33)	(34)
Past service cost including curtailments	-	(20)
Interest cost	(189)	(205)
Change in financial assumptions	(1,289)	695
Change in demographic assumptions	117	(216)
Experience gain on defined benefit obligation	124	200
Member contributions	(7)	(7)
Benefits/transfers paid	506	439
At 31 March	(9,252)	(8,481)

Changes in the fair value of the plan assets are analysed as follows:

	2021 £'000	2020 £'000
At 1 April	6,861	7,409
Interest on plan assets	152	163
Administration expenses	(5)	(5)
Employer contributions	23	94
Benefits/transfers paid	(506)	(439)
Returns on assets less interest	1,128	(462)
Other actuarial gains	-	94
Member contributions	7	7
At 31 March	7,660	6,861

### 19. Capital commitments

At 31 March 2021 authorised future capital commitments contracted but not provided for amounted to £2,021,000 (2020: £498,000).

## Notes to the financial statements

at 31 March 2021

### 20. Other financial commitments

At 31 March 2021 the Company had future minimum rentals under non-cancellable operating leases as set out below:

	2021		2020	
	<i>Land and buildings</i>	<i>Other</i>	<i>Land and buildings</i>	<i>Other</i>
	£'000	£'000	£'000	£'000
Within one year	86	17	86	33
In two to five years	345	10	345	27
Over five years	5,779	-	5,865	-
	<u>6,210</u>	<u>27</u>	<u>6,296</u>	<u>60</u>

### 21. Related party transactions

Coventry City Council, Solihull Metropolitan Borough Council, Warwickshire County Council and Leicestershire County Council are, as shareholders in the Company, considered related parties as defined by FRS 102.33. However, Coventry City Council and Solihull Metropolitan Borough Council as local government bodies have joint control over the Company, and the Company is therefore exempt from having to disclose related party transaction with these shareholders. Related party transaction with Warwickshire County Council and Leicestershire County Council are as follows:

Under contracts negotiated with Warwickshire County Council and Leicestershire County Council, the Company received income for the processing of household and commercial waste amounting to £5,579,000 and £6,135,000 respectively (2020: £4,532,000 and £4,116,000 respectively). The net amounts receivable from Warwickshire County Council and Leicestershire County Council at the year-end were £688,000 and £983,000 respectively (2020: £685,000 and £747,000 respectively).

During the year payments to Leicestershire County Council for the provision of services amounted to £25,000 (2020: £63,000). The net amount payable to Leicestershire County Council at the year-end was £nil (2020: £8,000).

During the previous year the Company issued 1,009,899 bonus shares of £1 each from the capital redemption reserve to all existing ordinary shareholders in a ratio of 9,999 shares for every one share already held. Consequently Warwickshire County Council and Leicestershire County Council as 'C' ordinary shareholders received 9,999 shares each for a cash consideration of £nil.