

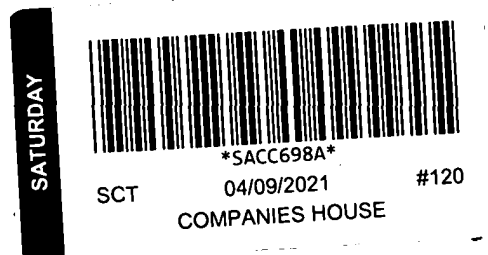
Company Registration No. SC436030 (Scotland)

ZERO WASTE SCOTLAND LIMITED

**(A COMPANY LIMITED BY
GUARANTEE)**

**ANNUAL REPORT AND FINANCIAL
STATEMENTS**

FOR THE YEAR ENDED 31 MARCH 2021



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

Directors	V Emery J Watt G O Sullivan J Swadling H Wollaston M MacDonald Iain Gulland
Secretary	Claire Lithgow
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
Bankers	Royal Bank of Scotland 36 St Andrew Square Edinburgh EH2 2AD

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

	Page
Strategic report	1 - 7
Directors' report	8 - 9
Independent auditor's report	10 - 13
Statement of income and retained earnings	14
Balance sheet	15
Statement of cash flows	16
Notes to the financial statements	17 - 27

ZERO WASTE SCOTLAND LIMITED

(A COMPANY LIMITED BY GUARANTEE)

STRATEGIC REPORT

FOR THE YEAR ENDED 31 MARCH 2021

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

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.

The company has four strategic outcomes focussed 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, reducing waste volumes and embedding circular economy principles across the economy. The organisation has also continued to make sustained progress with its internal transformation agenda during the year to help ensure that it can continue to maximise organisational impact.

During 2020/21, Zero Waste Scotland was funded by £19,461,000 of Scottish Government Grant and £2,557,000 of European Regional Development Funding (ERDF).

The company 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, water usage 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 including *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.

2020/21 was another incredibly busy year for Zero Waste Scotland. The organisation adapted its plans and priorities to support the Scottish Government and stakeholders respond to the COVID-19 pandemic, alongside delivery of a wide array of activities to support Scotland's transition to a less wasteful society.

Delivery highlights for 2020/21 included the following:

- **Managing Our Waste** – A public information campaign launched in April 2020, in response to COVID-19 and disruptions to waste & recycling services, as well as litter, fly tipping and safe disposal of personal protective equipment (PPE). It provided timely, factual, consistent and relevant disruption information to consumer audiences during the COVID-19 crisis and achieved 100% uptake from local authorities.
- **Covid Support Grant** - A grant programme was established to support Scotland's resource management sector in adapting their operations in response to the Covid-19 pandemic. The fund had 37 recipients and funded improvements to 91 sites in total.

ZERO WASTE SCOTLAND LIMITED

(A COMPANY LIMITED BY GUARANTEE)

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2021

Review of the business of the company during the year (continued)

- **Energy from Waste** - Zero Waste Scotland produced a comprehensive study on the carbon impacts of Energy from Waste in Scotland. The report has highlighted the need to decarbonise residual treatment, through increased recycling and waste reductions as well as the exploration of new policies in line with Scotland's Climate Change Plan.
- **Scotland is Stunning** – This award-winning national litter prevention campaign was launched to coincide with tourism reopening in July 2020, which delivered significant measurable impact across all channels and an enthusiastic response from stakeholders.
- **Face It: Reuse Beats Single-Use** – the campaign was developed to raise awareness and encourage the use of reusable face coverings in Scotland and provided information on the safe and responsible disposal of single-use coverings, to tackle litter and contamination of recycling. The campaign reached up to 63% of the adult population in Scotland on social media.
- **Deposit Return Scheme (DRS)** - Zero Waste Scotland supported the final drafting of regulations in 2019/20 and in May 2020, the regulations were passed by the Scottish Parliament, creating the legal framework for the scheme. Zero Waste Scotland provided dedicated support to the Government through the Scheme Administrator application process and established an exemption and voluntary return point service.
- **Our Path to Net Zero** – Zero Waste Scotland's comprehensive and ambitious net zero plan was published and has since been recognised by the Scottish Government and others as the standard for the public sector. Zero Waste Scotland has since supported over 70 public sector bodies to understand their own carbon challenges and how they can tackle them. Our office equipment carbon calculator has been declared a 'game-changer' by Scottish Parliament, The Loch Lomond National Park Authority and others.
- **Future of Food: Sustainable protein strategies from around the world** – Zero Waste Scotland's report was the first globally to recognise protein plans as an emerging policy trend to reducing food system emissions. The report, and subsequent stakeholder events, has led to broad stakeholder support for the Scottish Protein Plan.
- **Islands Green Recovery Fund** – The fund supported over 20 businesses across the Scottish Isles, from community shops, to dairies, to breweries, to develop package-free and refillable product options.
- **Carbon Metric International** – Since 2013, Zero Waste Scotland has used its ground-breaking Carbon Metric to measure the whole-life carbon impacts of Scotland's waste, and develop evidence-led measures to reduce them. Last year, the organisation began to share this invaluable tool with others across Europe and it is now in use across the continent.
- **Public Sector Buildings Standard** – Zero Waste Scotland has worked closely with the Scottish Futures Trust (SFT) to develop Scottish Government's Net Zero Public Sector Buildings Standard. To our knowledge, this is the first Government-approved Net Zero Standard in the world.
- **Energy Efficiency Business Support** – The service run by Zero Waste Scotland delivered its highest ever level of support to SMEs across Scotland. During the year the service provided over 1,200 in-depth support projects to nearly 800 businesses, driving anticipated savings of over 68 million kWh, equating to 17,000 tonnes of Carbon per annum.
- **Local Heat and Energy Efficiency Strategies** - Zero Waste Scotland provided dedicated support to Scottish Government in the development of the long-term plan for decarbonising heat in buildings across Scotland and is now taking forward the ambition to have Heat and Energy Efficiency Strategies and delivery plans in place for all local authorities by the end of 2023.
- **Education and Skills** - Skills Development Scotland has been supported in the development of the Climate Emergency Skills Action Plan.
- **Single Use Plastics** - Zero Waste Scotland led on the policy and research deliverables necessary to support the successful publication of draft regulations on market restrictions for single-use items.
- **Circular Economy Business support and investment** - Zero Waste Scotland has supported 203 businesses to develop, test and take to market circular business models. Funding to 57 projects has been awarded through the Circular Economy Investment Fund (total award value of £10million), with a leveraged investment of £26million. Projects funded are forecast to create 250 jobs and save in excess of 30,000 tonnes of carbon per annum, when fully operational.

ZERO WASTE SCOTLAND LIMITED

(A COMPANY LIMITED BY GUARANTEE)

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2021

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 of 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.

The delivery plan for 2021/22, was agreed with Scottish Government in March 2021 and includes an ambitious set of deliverables to help rise to the challenges faced across Scotland and the world.

Financial Review

During the 2020/21 financial year Zero Waste Scotland was funded through £19,461,000 (2019/20: £21,002,000) of core Scottish Government Grant and £2,557,000 (2019/20: £4,931,000) of European Regional Development Funding. Funding decreased from 2019/20 primarily due to Zero Waste Scotland returning budget to the Scottish Government, at its request, in light of the in-year changes made to the Delivery Plan and wider budget pressures, as a result of the COVID-19 pandemic.

Recovery of historic ERDF income has accelerated during the year with £3,600,000 recovered during the year (2019/20: £500,000). Given that ERDF expenditure has remained high during 2020/21, Scottish Government has extended the loan agreement with Zero Waste Scotland to a maximum of £6,500,000 to manage the timing differences between expenditure being incurred and ERDF income being recovered.

The outstanding ERDF debtor held on the balance sheet as at 31 March 2021, is £5,202,000. Zero Waste Scotland has rigorously risk adjusted the outstanding debtor and management are of the view that the balance held is both prudent and realistically recoverable. Given the latest forecast for future claims, management also remain confident that agreed minimum Scottish Government loan repayments can be met during the coming year.

Total expenditure to be funded from Scottish Government amounted to £19,461,000 during the year. A breakdown is provided below against the Scottish Government priorities.

Zero Waste Scotland 2020/21 Expenditure split by Scottish Govt. Priorities	20/21 £'000	19/20 £'000
1. DRS	1,068	2,747
2. Policy Support	1,585	1,668
3. Food Waste Target	2,683	2,211
4. Waste / Recycling Targets and Landfill Ban	3,064	2,827
5. Waste Prevention (Business)	1,240	1,440
6. Waste Prevention (Household)	554	1,526
7. Circular Economy	4,945	4,716
8. Litter	895	711
9. Energy Efficient Scotland	2,241	1,594
10. Heat Networks	59	-
11. LHEES	577	463
12. LCITP	380	583
13. Industrial Decarbonisation	170	45
TOTAL	19,461	20,531

ZERO WASTE SCOTLAND LIMITED

(A COMPANY LIMITED BY GUARANTEE)

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2021

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 grant of £20,700,000 has been awarded for 2021/22 to support these activities
- Zero Waste Scotland has agreed a multi-year loan arrangement and phased repayment plan with Scottish Government, allowing up to a maximum drawdown of £6,500,000
- Cash and commitment levels are actively managed to ensure that the organisation continues to have sufficient liquidity
- 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 2021 have been identified in the following table.

Description of risk	Mitigation measures
There is a risk that Zero Waste Scotland fails to deliver against the priority deliverables and /or timescales set out within the Scottish Government Annual Delivery Plan.	<ul style="list-style-type: none">• Priorities agreed with funders at start of financial year and regularly reviewed via quarterly strategic meetings with Executive Leadership Team.• Periodic meetings with Director - Environment and Forestry Dept, Scottish Government and Chair of the Zero Waste Scotland Board.• Strategic business cases for Executive Business Plan approved by Executive Leadership Team• Regular meetings with key funders and partners including Scottish Government Waste & Energy Teams, Managing Authority, Scottish Enterprise, SEPA, HIE• Business Case process adapted to enable approval by Heads of Department within delegated authority limits• Quarterly Board reporting on progress against priority actions• Corporate Plan regularly monitored by the Board.

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

FOR THE YEAR ENDED 31 MARCH 2021

Risk management (continued)

Description of risk	Mitigation measures
There is a risk that Zero Waste Scotland fails to maintain a good working relationship with key stakeholders. This as a result of failure to identify and manage stakeholder relationships effectively.	<ul style="list-style-type: none"> • Key strategic partnerships in place at Chair of the Board, CEO and Executive Leadership Team level. • Information provided to Scottish Government on areas that could damage reputation e.g. research and evidence, strategic milestones. • Regular stakeholder engagement takes place at programme level. • Informal referrals process in place and working with Scottish Enterprise & Highland and Islands Enterprise for resource efficiency and circular economy. • CEO involvement in the Scottish Government's Economy & Environment Leadership Group (EELG) of publicly funded bodies. • Participation in EELG subgroups to ensure that we have a good profile and are aligned to the developments being brought forward by members
There is a risk we will fail to meet our corporate ambitions. This as a result of the pandemic and/or other internal and external influence. This will cause reputational damage with internal/external stakeholders.	<ul style="list-style-type: none"> • Comprehensive articulation of our Corporate Plan with stakeholders • Proactive engagement with partners to achieve ambitions. • Transformation of business underway
There is a risk that the organisation fails to comply with all applicable regulatory duties (H&S, Data Protection, Employment Law, Legal Agreements etc). This as a result of a failure to train, educate, appoint and empower key staff with the regulatory and legal knowledge to ensure compliance. This will result in fines, imprisonment and/or reputational damage.	<ul style="list-style-type: none"> • Key staff in place with responsibility for these areas who take advice/ attend update sessions as appropriate • Regular meetings of health & safety group and actions taken to mitigate risk • Contracts with expert advisers for Health & Safety, Employment Law and legal issues • Confirmation from the Information Commissioner that Zero Waste Scotland doesn't have to comply with Freedom of Information legislation • General Data Protection Regulations action plan developed and being implemented. Majority of staff completed basic GDPR awareness training. Updates being provided to the Board. • Reviews of Data Sharing and Non-Disclosure Agreements completed, new documentation and approach. • Monitoring and review of controls environment by the Audit & Risk Committee • All staff completed working from home assessments

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

FOR THE YEAR ENDED 31 MARCH 2021

Risk management (continued)

Description of risk	Mitigation measures
<p>COVID-19: there is a risk of impacts to staff attendance. This is a result of subsequent waves of coronavirus pandemic. This will cause impacts to operational delivery and effectiveness of staff.</p>	<ul style="list-style-type: none"> • An Incident Management Team was set up, chaired by the CEO, which met regularly during the year to review the changing circumstances implement additional measures, as required. • On-going commitment to supporting home working and maximum flexibility to support caring responsibilities. • Daily Executive Leadership Team and fortnightly Leadership Team meetings to review risks and ensure mitigating actions are being implemented. • Weekly All Staff meetings to share information, boost morale and offer an opportunity to raise questions. • Weekly monitoring of absence information. • DSE e-learning launched and working from home guidance issued.
<p>There is a risk to staff's mental health. This is a result of subsequent waves of coronavirus pandemic. This will cause impacts to operational delivery and effectiveness of staff.</p>	<ul style="list-style-type: none"> • Range of support measures put in place, to support staff's mental health including, social events, mindfulness sessions, Employee Assistant Programme, Mental Health First Aiders, Neuro Linguistic Programming sessions and encouraging all staff to stay active • Regular communication reminding staff of range of support available & promotion of regular annual leave. • Two Mental Health & Well-being days held for all staff. • Weekly All Staff meetings to share information, boost morale and offer an opportunity to raise questions. • Weekly monitoring of absence information. • Regular staff surveys and follow up, as necessary
<p>There is a risk that the organisation does not have the capacity and energy to successfully adapt to the required level of external and internal changes.</p>	<ul style="list-style-type: none"> • Redesigned performance management system to more clearly link individual and team performance to corporate objectives • Regular staff survey put in place to assess staff engagement levels and facilitate timely remedial action, as required. • Regular HR reporting to Senior Leadership Team on absence levels • Continuing with colleague connection & wellbeing activities • Adapted management style & approach
<p>There is a risk that the transformational aspirations of the organisation will not be achieved in a timely manner. This as a result of a lack of capability within teams to transform due to limited communication on end vision and sub-optimal plan for delivery. This will result in a failure to deliver the ambitions set out within the corporate and operational plans.</p>	<ul style="list-style-type: none"> • Dedicated Transformation Director employed as Senior Responsible Officer • Outcome Board governance established for Transformation with regular reporting to the Zero Waste Scotland Board on progress • Detailed delivery plans in place for all Transformation activities • Dedicated programme management resource recruited • Stability within the Executive Leadership team Structure with extension of fixed terms contracts

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

FOR THE YEAR ENDED 31 MARCH 2021

Performance management

Zero Waste Scotland have established a formal internal governance structure to ensure the effective management of all programmes of work. Each of the organisations 4 Outcomes have a named Senior Responsible Officer (SRO) who is also a member of the Executive Leadership Team. An Outcome Board, chaired by that SRO, meets monthly to review performance of all work under that outcome and in particular considers progress against key operational milestones, financial performances, resources and risks, with corresponding action taken wherever necessary. Highlights from those meetings are consolidated to inform a monthly meeting of the Corporate Portfolio Board that considers progress at an organisational level and helps ensure the timely resolution of any issues and that the organisation is well placed to capitalise on emerging opportunities. Regular progress on programme delivery is reported to the Scottish Government through frequent liaison meetings.

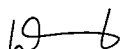
Staff turnover and sickness absence levels continued to be low against the national reported average. During this unprecedented year, a priority has been the health, wellbeing and safety of all colleagues who have been impacted in a variety of ways due to the pandemic. Zero Waste Scotland has gone to great lengths to provide 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. Two 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 hosted weekly all colleagues' meetings to help ensure a regular and effective flow of communications.

In addition, colleagues have had the opportunity to benefit from a range of ongoing support, including an Employee Assistant Programme, Mental Health First Aiders, Neuro Linguistic Programming and Mindfulness sessions. Regular staff surveys have also been run to ascertain feedback from staff and take timely action, wherever necessary.

Zero Waste Scotland is ISO14001 certified and a robust environmental management monitoring system is in place. A like-for-like comparison with 2019/20 shows the company's measured carbon footprint, inclusive of commuting, was 93 tonnes of CO2 equivalents, down 65% on the previous year, despite a 5% staff increase. The key driver of the decrease was the shift to remote working during the COVID-19 pandemic, which resulted in a cessation of corporate travel and commuting.

As part of our ongoing commitment to expand measurement to cover our full carbon footprint however, our 2021/22 carbon footprint includes for the first time, embodied carbon impacts of office equipment procurement. These equipment impacts totalled 52 tonnes of CO2 equivalents, giving the organisation a total measured carbon footprint of 145 tonnes of CO2 equivalents – this figure is not comparable with previous years. Office equipment impacts were particularly high due to the need to outfit home offices under new remote working conditions and support the high number of staff who have opted for permanent home working. Reuse and refurbishment of this equipment will help ensure that the majority of carbon savings achieved during 2021/22 can be made on a recurring basis.

On behalf of the board



.....
Iain Gulland
Director
.....

30 / 08 / 2021

ZERO WASTE SCOTLAND LIMITED

(A COMPANY LIMITED BY GUARANTEE)

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 MARCH 2021

The Board presents its report and the audited financial statements for the year ended 31 March 2021.

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.

Directors

The following directors have held office during the period:

V Emery
J Watt
G O Sullivan
J Swadling
H Wollaston
M MacDonald
Iain Gulland

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. During the year the Board 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.

There were five full Board meetings during the year, five meetings of the People and Remuneration Committee and three Audit & Risk Committees (A&RC). The number of meetings each director attended is shown in the table below.

Director	Board	Audit & Risk	People and Remuneration
Vic Emery	5	N/A	5
Iain Gulland	5	3	5
Morag MacDonald	5	3	N/A
Gerard O Sullivan	5	N/A	5
Janet Swadling	5	N/A	5
John Watt	5	3	N/A
Helen Wollaston	5	1/1	N/A

In addition to the formal Board and Committee meetings, Board members met on a regularly basis during the year with the management team to help ensure additional oversight and support was in place during the pandemic.

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.

ZERO WASTE SCOTLAND LIMITED
(A COMPANY LIMITED BY GUARANTEE)
DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2021

Statement of directors' responsibilities

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:

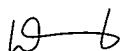
- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- 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.

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.

On behalf of the board



.....
Iain Gulland
Director

30 / 08 / 2021
Date:

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 2021 which comprise the statement of income and retained earnings, the balance sheet, the statement of cash flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2021 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'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.

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

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

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

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's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities 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**

Extent to which an audit is 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 assessed the risks of material misstatement of the financial statements, whether due to fraud or error, and then designed and performed audit procedures responsive to those risks, including obtaining audit evidence that is sufficient and appropriate to provide the basis for our opinion. We planned and conducted our audit so as to obtain reasonable assurance of detecting any material misstatements in the financial statements resulting from irregularities or fraud.

All engagement team members were briefed on relevant laws and regulations and potential fraud risks at the planning stage of the audit. However, the primary responsibility for the prevention and detection of irregularities, including fraud, rest with the company's directors.

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, we considered the nature of the company and also the results of our enquiries of management about their own identification and assessment of the risks of irregularities.

We evaluated management's incentives and opportunities for fraudulent activity and determined the key risk of fraud to be management override of controls in order to manipulate the financial statements. We determined that the principal risks in this regard were in relation to inappropriate journal entries to manipulate the recognition of expenditure or management bias in their assessment of the recoverability of the European Regional Development Fund (ERDF) debtor to improve the financial position of the company.

Based on our understanding of the company, we determined that the principal risks of non-compliance with laws and regulations related to UK company law and UK employment legislation, as well as with the terms and conditions applicable to ERDF funding. We have considered the extent to which non-compliance with these laws and regulations might have a material effect on the financial statements. We have also considered those laws and regulations that have a direct impact on the preparation of the financial statements such as the Companies Act 2006.

Specific audit procedures performed in response to these risks included:

- 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.
- Inspecting legal and professional fees incurred in the year under audit for evidence of legal services received to identify if there is any indication of non-compliance with all laws and regulations or those which are deemed to have a material effect on the accounts.
- Reviewing minutes of meetings held by management and those charged with governance to identify any matters indicating actual, potential or attempted fraud, litigation, claims and non-compliance with laws and regulations including the Companies Act 2006 and UK employment legislation.
- 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.
- Identifying and testing journal entries, focusing on manual journal entries above our performance materiality assessment as well as journals meeting other predefined criteria such as journals containing round sum amounts that could be an indicator of management override of controls.
- Inspecting expenditure incurred in the year while making sure this has been appropriately categorised in the accounts. This included agreeing a sample from the nominal ledger to purchase invoice to confirm accuracy and occurrence while also reviewing post year end transactions and invoices to confirm the completeness of the expenditure disclosed.

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

- Inspecting wages costs during the year under audit to confirm these are being paid in line with UK employment law as well as enquiry with management and those charged with governance to confirm if there have been any instances of non-compliance with UK employment legislation
- Inspecting and enquiry relating to grant income during the year under audit to confirm the completeness, cut off and accuracy of the amount disclosed in the accounts.
- Inspecting the financial statement disclosures for compliance with applicable law and the financial reporting framework.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

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.

Johnston Carmichael LLP

**Keith Macpherson (Senior Statutory Auditor)
for and on behalf of Johnston Carmichael LLP**

30 / 08 / 2021
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**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 2021

	Notes	2021 £000	2020 £000
Incoming resources	3	22,263	26,043
Resources expended		(21,914)	(25,163)
Operating surplus	4	349	880
Interest payable and similar expenses	8	(67)	-
Surplus before taxation		282	880
Tax on surplus		-	-
Surplus for the financial year		282	880
Retained earnings brought forward		(1,393)	(2,272)
Retained earnings carried forward		(1,111)	(1,393)

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 2021

	Notes	2021 £000	£000	2020 £000	£000
Fixed assets					
Tangible assets	9		141		206
Current assets					
Debtors	10	5,730		6,567	
Cash at bank and in hand		2,459		138	
		<u>8,189</u>		<u>6,705</u>	
Creditors: amounts falling due within one year	11	<u>(3,392)</u>		<u>(8,199)</u>	
Net current assets/(liabilities)			<u>4,797</u>		<u>(1,494)</u>
Total assets less current liabilities			<u>4,938</u>		<u>(1,288)</u>
Creditors: amounts falling due after more than one year	12		(6,049)		(104)
Net liabilities			<u>(1,111)</u>		<u>(1,392)</u>
Reserves					
Income and expenditure account			<u>(1,111)</u>		<u>(1,392)</u>

The financial statements were approved by the board of directors and authorised for issue on 30 / 08 / 2021 and are signed on its behalf by:



 Iain 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 2021

	Notes	2021 £000	£000	2020 £000	£000
Cash flows from operating activities					
Cash absorbed by operations	19		(251)		(4,874)
Interest paid			(67)		-
Net cash outflow from operating activities			(318)		(4,874)
Investing activities					
Purchase of tangible fixed assets		(59)		(138)	
Net cash used in investing activities			(59)		(138)
Financing activities					
Proceeds of Scottish Government loan		2,698		3,837	
Net cash generated from financing activities			2,698		3,837
Net increase/(decrease) in cash and cash equivalents			2,321		(1,175)
Cash and cash equivalents at beginning of year			138		1,313
Cash and cash equivalents at end of year			<u>2,459</u>		<u>138</u>

ZERO WASTE SCOTLAND LIMITED
(A COMPANY LIMITED BY GUARANTEE)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021

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. While the company has net liabilities at the balance sheet date, the principal long-term creditor is the Scottish Government, the primary funder. 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. £20,700,000 has been agreed for 2021/22 and the company expects this arrangement will continue in 2022/23, 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.

1.4 Tangible fixed assets

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

ZERO WASTE SCOTLAND LIMITED
(A COMPANY LIMITED BY GUARANTEE)
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2021

1 Accounting policies

(Continued)

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

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.

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

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

Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in surplus or deficit, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

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. Bank overdrafts are shown within borrowings in current liabilities.

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.

ZERO WASTE SCOTLAND LIMITED
(A COMPANY LIMITED BY GUARANTEE)
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2021

1 Accounting policies

(Continued)

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.

Other financial assets

Other financial assets, including investments in equity instruments which are not subsidiaries, associates or joint ventures, are initially measured at fair value, which is normally the transaction price. Such assets are subsequently carried at fair value and the changes in fair value are recognised in surplus or deficit, except that investments in equity instruments that are not publicly traded and whose fair values cannot be measured reliably are measured at cost less impairment.

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.

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.

ZERO WASTE SCOTLAND LIMITED
(A COMPANY LIMITED BY GUARANTEE)
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2021

1 Accounting policies

(Continued)

Basic financial liabilities

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

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

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

Other financial liabilities

Derivatives, including interest rate swaps and forward foreign exchange contracts, are not basic financial instruments. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in surplus or deficit in finance costs or finance income as appropriate, unless hedge accounting is applied and the hedge is a cash flow hedge.

Debt instruments that do not meet the conditions in FRS 102 paragraph 11.9 are subsequently measured at fair value through profit or loss. Debt instruments may be designated as being measured at fair value through profit or loss to eliminate or reduce an accounting mismatch or if the instruments are measured and their performance evaluated on a fair value basis in accordance with a documented risk management or investment strategy.

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.

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 £1,034,529 (2020: £840,361). No outstanding contributions were payable to the fund at the year end.

ZERO WASTE SCOTLAND LIMITED
(A COMPANY LIMITED BY GUARANTEE)
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2021

1 Accounting policies

(Continued)

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.

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 are included in the profit and loss account for the period.

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 £5,202,000 included within these financial statements in relation to outstanding European Regional Development Fund Income (2020: £6,217,000). 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.

Leases

In categorising leases as finance leases or operating leases, management makes judgements as to whether significant risks and rewards of ownership have transferred to the company as lessee, or the lessee, where the company is a lessor.

ZERO WASTE SCOTLAND LIMITED
(A COMPANY LIMITED BY GUARANTEE)
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2021

3 Income

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

	2021	2020
	£000	£000
Scottish Government Grant	19,461	21,002
ERDF Accrued Income	2,557	4,931
Other Income	245	110
	<u>22,263</u>	<u>26,043</u>

4 Operating surplus

	2021	2020
	£000	£000
Operating surplus for the year is stated after charging:		
Exchange losses	2	1
Research and development costs	99	361
Fees payable to the company's auditor for the audit of the company's financial statements	19	20
Depreciation of owned tangible fixed assets	124	102
(Profit)/loss on disposal of tangible fixed assets	-	2
Operating lease charges	<u>212</u>	<u>211</u>

5 Employees

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

	2021	2020
	Number	Number
Corporate	38	33
Operational	<u>128</u>	<u>116</u>
	<u>166</u>	<u>149</u>

ZERO WASTE SCOTLAND LIMITED
(A COMPANY LIMITED BY GUARANTEE)
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2021

5 Employees **(Continued)**

Their aggregate remuneration comprised:

	2021	2020
	£000	£000
Wages and salaries	6,739	5,721
Social security costs	717	602
Pension costs	1,034	840
	<u>8,490</u>	<u>7,163</u>

6 Directors' remuneration

	2021	2020
	£000	£000
Remuneration for qualifying services	145	142
Company pension contributions to defined contribution schemes	20	19
	<u>165</u>	<u>161</u>

Non-Executive Directors received remuneration totaling £45,000 during the year (2020: £44,000). Expenses paid to Board members during the year totaled £Nil (2020: £1,000).

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 £558,000 (2020: £353,000).

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
• Programmes & Projects Director	Andy McIntosh (appointed 10/08/2020)
• Business Development & Innovation Director	Matt Lancashire (appointed 14/09/2020)

8 Interest payable and similar expenses

	2021	2020
	£000	£000
Interest on financial liabilities measured at amortised cost:		
Interest on Scottish Government loan	67	-
	<u>67</u>	<u>-</u>

ZERO WASTE SCOTLAND LIMITED
(A COMPANY LIMITED BY GUARANTEE)
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2021

9 Tangible fixed assets

	Office equipment £000
Cost	
At 1 April 2020	579
Additions	59
	<u>638</u>
At 31 March 2021	638
Depreciation and impairment	
At 1 April 2020	373
Depreciation charged in the year	124
	<u>497</u>
At 31 March 2021	497
Carrying amount	
At 31 March 2021	<u>141</u>
At 31 March 2020	<u>206</u>

10 Debtors

	2021 £000	2020 £000
Amounts falling due within one year:		
Service charges due	6	29
Other debtors	-	1
Prepayments and accrued income	5,724	6,537
	<u>5,730</u>	<u>6,567</u>

11 Creditors: amounts falling due within one year

	2021 £000	2020 £000
	Notes	
Scottish Government loan arrangement	13	500
Trade creditors		1,955
Taxation and social security		208
Government grants	14	52
Accruals and deferred income		677
		<u>3,392</u>
		<u>8,199</u>

ZERO WASTE SCOTLAND LIMITED
(A COMPANY LIMITED BY GUARANTEE)
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2021

12 Creditors: amounts falling due after more than one year

	Notes	2021 £000	2020 £000
Scottish Government loan arrangement	13	5,960	-
Government grants	14	89	104
		<u>6,049</u>	<u>104</u>

13 Loans and overdrafts

	2021 £000	2020 £000
Scottish Government loan arrangement	6,460	3,632
Payable within one year	500	3,632
Payable after one year	5,960	-
	<u>500</u>	<u>3,632</u>

The loan represent unsecured 4 year term loan facilities from the Scottish Government.

14 Government grants

	2021 £000	2020 £000
Arising from government grants	141	206
Deferred income is included in the financial statements as follows:		
Current liabilities	52	102
Non-current liabilities	89	104
	<u>141</u>	<u>206</u>

15 Retirement benefit schemes

	2021 £000	2020 £000
Defined contribution schemes		
Charge to profit or loss in respect of defined contribution schemes	1,034	840
	<u>1,034</u>	<u>840</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 2021

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 £0001.

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:

	2021	2020
	£000	£000
Within one year	66	80
Between two and five years	-	66
	<u>66</u>	<u>146</u>

18 Related party transactions

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

19 Cash absorbed by operations

	2021	2020
	£000	£000
Surplus for the year after tax	282	879
Adjustments for:		
Finance costs	67	-
(Gain)/loss on disposal of tangible fixed assets	-	2
Depreciation and impairment of tangible fixed assets	124	102
Movements in working capital:		
Decrease/(increase) in debtors	836	(4,297)
Decrease in creditors	(1,495)	(1,504)
Decrease in deferred income	(65)	(56)
Cash absorbed by operations	<u>(251)</u>	<u>(4,874)</u>

ZERO WASTE SCOTLAND LIMITED
(A COMPANY LIMITED BY GUARANTEE)
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2021

20 Analysis of changes in net debt

	1 April 2020	Cash flows	Other non-cash changes	31 March 2021
	£000	£000	£000	£000
Cash at bank and in hand	138	2,321	-	2,459
Borrowings due within one year	(3,632)	-	3,132	(500)
Borrowings due after one year	-	(2,828)	(3,132)	(5,960)
	<u>(3,494)</u>	<u>(507)</u>	<u>-</u>	<u>(4,001)</u>