

DRAFT – SUBJECT TO FINAL SIGNATURE

Company Registration Number 09472624

BRISTOL WASTE COMPANY LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

for the year ended 31 March 2019

DRAFT – SUBJECT TO FINAL SIGNATURE
BRISTOL WASTE COMPANY LIMITED

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BRISTOL WASTE COMPANY LIMITED

COMPANY INFORMATION

Directors	R M Barltrop	(appointed 21 February 2019)
	R P Brislen	(appointed 21 February 2019)
	T Brook	(appointed 15 August 2018)
	A R Henshaw	(appointed 22 November 2018)
	A Lawless	(appointed 1 June 2018)
	F Rodriguez	
	T Spaul	

Registered number 09472624

Registered Office Albert Road Depot
Albert Road
Bristol
BS2 0XS

Independent auditor PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
2 Glass Wharf
Bristol
BS2 OFR

BRISTOL WASTE COMPANY LIMITED

STRATEGIC REPORT

The directors present the Strategic Report for Bristol Waste Company Limited (the "company") for the year ended 31 March 2019.

Business review

There has been a significant number of achievements in the year:

1. The company has achieved ISO 9001 (quality) and 14001 (environmental) status. Both of these are the results of hard work and commitment by our staff and adds further credibility to the status of the company.
2. The company has employed 5 apprentices, demonstrating a commitment to future training and supporting career development within the industry.
3. Orders placed for the replacement of recycling vehicles, new vehicles having increased safety features that demonstrate our continuing commitment to the health and safety of both our workforce and public.
4. The company has won numerous awards for marketing campaigns encouraging the separation of food waste and reuse. Most notably through the "Slim My Waste – Feed My Face" campaign.

The company provides the following services to residents and businesses of Bristol:

1. Domestic refuse and recycling collections
2. Street Cleansing
3. Household Waste Recycling Centres (HWRC)
4. Waste Disposal
5. Community engagement and education

The charging methodology to Bristol City Council (BCC) has changed for this year, the new pay mechanism adjustment allows the company and BCC to equitably share the risk and reward of the company's financial performance and exposure to external trading markets. This new methodology explains why profit before tax is lower than last year. Following a review of direct costs we have reclassified some as administrative expenses, rather than cost of sales, we also have restated 2017.

The business has been performing within its cost budget resulting in a profit on ordinary activities before tax for the year of £368,241 (2018: £862,072). The company is pleased to report that financial performance was better than forecast in the business plan.

At the end of the year the company had net assets of £3.9m

Future Developments

During the year the commercial division of the business was reviewed and following the appointment of a new Business Development Director the company looks forward to reporting significant growth during the next year.

**BRISTOL WASTE COMPANY LIMITED
STRATEGIC REPORT (CONTINUED)**

Principal risks and uncertainties

The company is exposed to inflationary pressures on its cost base for both labour costs and the procurement of goods and services (fuel price being an example of a key risk). The company's largest area of expenditure (excluding labour) is waste disposal costs.

Recyclate, the company uses revenue earned from the sale of recyclable materials to off-set the cost of providing the services. The materials are only traded in domestic markets and these can be volatile. Thus world-wide demand for recyclable materials and its associated impact on prices represent another key risk.

Other operational risks include compliance with legislation, including Vehicle Operators Licensing, Environmental legislation and, particularly, Health and Safety legislation. A breach in any of these areas could have a major adverse impact on the company (and, in relation to Health and Safety, could cause significant harm to the company's employees or the public). Compliance in these areas is the company's number one priority in order to minimise the risk of accidents or other incidents which could result in claims against the company.

Financial key performance indicators

The company regularly monitors revenue and costs compared to budget and hence profit before tax is a key indicator for the business. As revenue is relatively fixed, the main relevant indicators are cost items. Management Accounts are produced and reviewed by the board on a monthly basis. A performance pack, including key financial information, is provided to the shareholder each month. The company has budget or target measures for all areas of its activity and actual performance is compared to these, with variances detailed and analysed. Where appropriate, budgets are profiled on a monthly basis to reflect seasonality of costs and volumes. Volumes of waste handled and recyclables traded form key indicators which translate into financial measures. Operational KPIs related to the services provided on behalf of BCC are also measured on a monthly basis, with targets agreed and performance discussed with BCC.

This report was approved by the board and signed on its behalf by:



A Lawless
Director

17 July 2019

BRISTOL WASTE COMPANY LIMITED

DIRECTORS' REPORT

The directors present their annual report and the audited financial statements for Bristol Waste Company Limited (the "company") for the year ended 31 March 2019.

Principal activities

The company's principal activity is to provide waste collection, street cleaning and other maintenance services on behalf of Bristol City Council ("BCC").

Results and future developments

The profit for the financial year amounted to £326,415 (2018: £707,730).

Future developments are discussed in the Business Review on page 2.

Directors

The directors who served during the year and up to the date of signing the financial statements were:

R M Barltrop	(appointed 21 February 2019)
R P Brislen	(appointed 21 February 2019)
T Brook	(appointed 15 August 2018)
A R Henshaw	(appointed 22 November 2018)
A Lawless	(appointed 1 June 2018)
F Rodriguez	
T Spaul	

Director indemnity insurance

The company maintains directors' and officers' insurance on behalf of its directors, which is a qualifying third party indemnity insurance. This policy was in force for the whole of the year and continues to be in force.

Financial risk management

The company is exposed to a variety of financial risks that are managed to ensure that the company operates within its budget as agreed with BCC. The financial risks include:

- Price risk: the company is exposed to inflationary cost pressures, in particular fuel costs. The company monitors costs, on a monthly basis, and takes appropriate action to mitigate the impact of any unexpected cost variances.
- Credit risk: the company receives the majority of its revenue from BCC and therefore is not exposed to significant credit risk.
- Interest rate risk: the company has no borrowings and therefore is not exposed to significant interest rate risk
- Liquidity risk: the company manages its working capital to ensure that it maintains sufficient cash to enable it to meet its debts as they fall due.

Employee involvement

Employee involvement, consultation and development fulfil key roles in achieving the company's continuing growth. Employees are kept informed through meetings, practice newsletter and the Intranet.

Disabled employees

Applications for employment by disabled persons are always fully considered, bearing in mind the abilities of the applicant concerned. In the event of members of staff becoming disabled every effort is made to ensure that their employment with the company continues and that appropriate training is arranged. It is the policy of

BRISTOL WASTE COMPANY LIMITED

DIRECTORS' REPORT (continued)

Disabled employees (continued)

the Company that the training, career development and promotion of disabled persons should, as far as possible, be identical to that of other employees.

Directors' responsibilities statement

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulation. Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising Financial Reporting Standard 102 "The Financial Reporting Standard Applicable in the UK and Republic of Ireland" (FRS102), and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies for the company financial statements and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards comprising FRS 102 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.

Disclosure of information to auditors

Each of the persons who are directors at the time when this Directors' Report is approved has confirmed that:

- so far as that directors are aware, there is no relevant audit information of which the company's auditors are unaware, and
- that directors have taken all the steps that ought to have been taken as directors in order to be aware of any relevant audit information and to establish that the company's auditors are aware of that information.

Independent auditors

A procurement tender is currently in process for the appointment of auditors, this process is expected to be completed in August 2019.

This report was approved by the board and signed on its behalf by:



A Lawless
Director

17 July 2019

BRISTOL WASTE COMPANY LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF BRISTOL WASTE COMPANY LIMITED

Report on the audit of the financial statements

Opinion

In our opinion, Bristol Waste Company Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2019 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report and Financial Statements (the "Annual Report"), which comprise: the statement of financial position as at 31 March 2019; the statement of comprehensive income and the statement of changes in equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

ISAs (UK) require us to report to you when:

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

We have nothing to report in respect of the above matters.

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. For example, the terms on which the United Kingdom may withdraw from the European Union are not clear, and it is difficult to evaluate all of the potential implications on the company's trade, customers, suppliers and the wider economy.

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF BRISTOL WASTE COMPANY LIMITED
(continued)**

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance 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 an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of 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 based on these responsibilities.

With respect to the Strategic Report and Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on the responsibilities described above and our work undertaken in the course of the audit, ISAs (UK) require us also to report certain opinions and matters as described below.

Strategic Report and Directors' Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic Report and Directors' Report for the year ended 31 March 2019 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic Report and Directors' Report.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Directors' Responsibilities Statement set out on page 5, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they 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.

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

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

BRISTOL WASTE COMPANY LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF BRISTOL WASTE COMPANY LIMITED (continued)

Use of this report

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Other required reporting

Companies Act 2006 exception reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion:

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

We have no exceptions to report arising from this responsibility.

Paul Nott (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Bristol

July 2019

BRISTOL WASTE COMPANY LIMITED

STATEMENT OF COMPREHENSIVE INCOME
For the year ended 31 March 2019

	Note	2019 £	Restated 2018 £
Turnover	4	39,393,881	38,228,127
Cost of sales		(37,460,354)	(34,834,846)
Gross profit		<u>1,933,527</u>	<u>3,393,281</u>
Administrative expenses		(1,534,910)	(2,498,353)
Operating profit	5	398,617	894,928
Interest receivable and similar income	9	18,394	3,560
Interest payable and similar expenses	10	(48,770)	(36,416)
Profit before taxation		<u>368,241</u>	<u>862,072</u>
Tax on profit	11	(41,826)	(154,342)
Profit for the financial year		<u>326,415</u>	<u>707,730</u>
Measurement of defined benefit liability – actuarial (loss)/gain	20	(185,000)	198,000
Tax relating to components of Other Comprehensive (expense)/income		31,450	(33,660)
Other comprehensive (expense)/income		(153,550)	164,340
Total comprehensive income for the year		<u><u>172,865</u></u>	<u><u>872,070</u></u>

The above amounts all relate to continuing operations.

BRISTOL WASTE COMPANY LIMITED

STATEMENT OF FINANCIAL POSITION
At 31 March 2019

	Note	2019 £	2018 £
Non-current assets			
Positive goodwill	12	-	25,000
Negative goodwill	12	-	(437,844)
Tangible assets	13	1,045,684	976,351
		<u>1,045,684</u>	<u>563,507</u>
Current assets			
Debtors: amounts falling due within one year	14	5,959,693	6,087,036
Debtors: amounts falling due more than one year	14	340,584	298,828
Cash at bank and in hand	15	4,338,981	2,672,545
		<u>10,639,258</u>	<u>9,058,409</u>
Creditors: amounts falling due within one year	19	<u>(5,780,408)</u>	<u>(4,296,247)</u>
Net current assets		<u>4,858,850</u>	<u>4,762,162</u>
Total assets less current liabilities		5,904,534	5,325,669
Creditors: amounts falling due after one year			
Post-employment benefits	20	<u>(1,956,000)</u>	<u>(1,550,000)</u>
Net assets		<u>3,948,534</u>	<u>3,775,669</u>
CAPITAL AND RESERVES			
Called-up share capital	17	1	1
Profit and loss account	18	3,948,533	3,775,668
Total equity		<u>3,948,534</u>	<u>3,775,669</u>

The financial statements of Bristol Waste Company Limited, registered number 09472624, were approved by the board of directors and authorised for issue on 17 July 2019. They were signed on its behalf by:

A Lawless
 Director

BRISTOL WASTE COMPANY LIMITED

STATEMENT OF CHANGES IN EQUITY
For the year ended 31 March 2019

	Called up share capital £	Profit and loss account £	Total equity £
At 1 April 2017	1	2,903,598	2,903,598
Total comprehensive income for the year	-	872,070	872,070
At 31 March 2018	1	3,775,668	3,775,669
Total comprehensive income for the year	-	172,865	172,865
At 31 March 2019	1	3,948,533	3,948,534

BRISTOL WASTE COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2019

1. General information

Bristol Waste Company Limited (the "company") provides waste collection, street cleaning and other maintenance services on behalf of Bristol City Council.

The Company is a private company limited by shares and is incorporated and domiciled in England and Wales, United Kingdom. The address of its registered office is Albert Road Depot, Albert Road, Bristol, BS2 0XS.

The functional and presentational currency of the company is considered to be pounds sterling.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared on a going concern basis, under the historical cost convention and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the company's accounting policies (see note 3).

The following principal accounting policies have been applied consistently:

2.2 Financial reporting standard 102 – reduced disclosure exemptions

The company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by the FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland":

- the requirements of Section 4 Statement of Financial Position paragraph 4.12(a)(iv);
- the requirements of Section 7 Statement of Cash Flows;
- the requirements of Section 3 Financial Statement Presentation paragraph 3.17(d);
- the requirements of Section 11 Financial Instruments paragraphs 11.39 to 11.48A;
- the requirements of Section 12 Other Financial Instruments paragraphs 12.26 to 12.29;
- the requirements of Section 33 Related Party Disclosures paragraph 33.7.

This information is included in the consolidated financial statements of Bristol City Council as at 31 March 2019 and these financial statements may be obtained from Bristol City Council, City Hall, College Green, Bristol, BS3 9FS.

2.3 Going concern

The directors have considered the twelve-month period from the date of approval of these financial statements and are satisfied that the company remains a going concern.

NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 March 2019

2. Accounting policies (continued)

2.4 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the company and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before revenue is recognised.

Rendering of services

Revenue from a contract to provide services is recognised in the period in which the services are provided in accordance with the stage of completion of the contract when all the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the company will receive the consideration due under the contract;
- the stage of completion of the contract at the end of the reporting period can be measured reliably, and;
- the costs incurred and the costs to complete the contract can be measured reliably.

2.5 Intangible assets

Intangible assets are initially recognised at cost. After recognition, under the cost model, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

All intangible assets are considered to have a finite useful life. If a reliable estimate of the useful life cannot be made, the useful life shall not exceed five years.

The estimated useful lives range as follows:

Positive goodwill		1 year
Negative goodwill	-	3 years

Positive goodwill represents the excess of consideration paid over the separable, identifiable net assets acquired. In this regard, the company has applied the amendments to FRS 102 – Triennial Review 2017, and has chosen not to recognise intangible assets separately from goodwill.

Negative goodwill represents the excess of the fair value of assets acquired from Kier Group plc over the consideration paid. Negative goodwill is recognised in the Statement of financial position and is amortised to the statement of comprehensive income over the same period as the non-monetary assets to which it relates.

NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 March 2019

2. Accounting policies (continued)

2.6 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

The company adds to the carrying amount of an item of fixed assets the cost of replacing part of such an item when the cost is incurred, if the replacement part is expected to provide incremental future benefits to the company. The carrying amount of the replacement part is derecognised. Repairs and maintenance are charged to the statement of comprehensive income during the period in which they are incurred.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following basis:

Plant and machinery	-	3 - 5 years
Fixtures and fittings	-	3 - 5 years
Containers	-	3 - 5 years
Motor vehicles	-	3 - 7 years

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within 'other operating income' in the Statement of Comprehensive Income.

2.7 Operating leases

Rentals paid under operating leases are charged to the Statement of Comprehensive Income on a straight line basis over the period of the lease.

2.8 Debtors

Short-term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

2.9 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 March 2019

2. Accounting policies (continued)

2.10 Financial instruments

The company only enters into basic financial instruments transactions that result in the recognition of financial assets and liabilities like trade and other accounts receivable and payable, loans from banks and other third parties, loans to related parties and investments in non-puttable ordinary shares.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade payables or receivables, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration, expected to be paid or received. However, if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or financed at a rate of interest that is not a market rate or in case of an outright short-term loan not at market rate, the financial asset or liability is measured, initially, at the present value of the future cash flow discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Statement of Comprehensive Income.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate, which is an approximation of the amount that the company would receive for the asset if it were to be sold at the reporting date.

Financial assets and liabilities are offset and the net amount reported in the Statement of Financial Position when there is an 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.

2.11 Creditors

Short-term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

2.12 Employee benefits

Defined contribution pension plan

The company operates a defined contribution plan. A defined contribution plan is a pension plan under which the company pays fixed contributions into a separate entity. Once the contributions have been paid the company has no further payments obligations. A defined benefit plan defines the pension benefit that the employee will receive on retirement, usually dependent upon several factors including age, length of service and remuneration.

The contributions are recognised as an expense in the Statement of Comprehensive Income when they fall due. Amounts not paid are shown in accruals as a liability in the Statement of Financial Position. The assets of the plan are held separately from the company in independently administered funds.

NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 March 2019

2. Accounting policies (continued)

2.12 Employee benefits (continued)

Defined benefit pension plan

For defined benefit schemes the amounts charged to operating profit are the costs arising from employee services rendered during the period and the cost of plan introductions, benefit changes, settlements and curtailments. They are included as part of staff costs. The net interest cost on the net defined benefit liability is charged to profit or loss and included within finance costs. Re-measurement comprising actuarial gains and losses and the return on scheme assets (excluding amounts included in net interest on the net defined benefit liability) are recognised immediately in other comprehensive income.

Defined benefit schemes are funded, with the assets of the scheme held separately from those of the Group, in separate trustee administered funds. Pension scheme assets are measured at fair value and liabilities are measured on an actuarial basis using the projected unit credit method. The actuarial valuations are obtained at least triennially and are updated at each balance sheet date.

2.13 Interest Income

Interest income is recognised in the Statement of Comprehensive Income using the effective interest method.

2.14 Taxation

Tax is recognised in the statement of comprehensive income, except that a change attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted, or substantively enacted, by the balance sheet date in the countries where the company operates and generates income.

3. Judgements in applying accounting policies and key sources of estimation uncertainty

The key judgements and estimates adopted by management in the preparation of these financial statements were as follows:

Useful economic lives of assets

The annual depreciation charge for tangible assets is sensitive to changes in the estimated useful economic lives and residual values of the assets. The useful economic lives and residual values are re-assessed annually. They are amended when necessary to reflect current estimates, based on technological advancement, future investments, economic utilisation and the physical condition of the assets. See note 13 for the carrying amount of the property, plant and equipment, and note 2 for the useful economic lives for each class of assets.

Defined benefit pensions

The company has an obligation to pay pension benefits to certain employees. The cost of these benefits and the present value of the obligation depend on a number of factors, including; life expectancy, salary increases, asset valuations and the discount rate on corporate bonds. The assumptions, which are described in note 20, reflect historical experience and current trends. Management estimates these factors in determining the net pension obligation in the balance sheet, after taking advice from actuaries.

BRISTOL WASTE COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 March 2019

4. Turnover

Turnover arises from the provision of waste collection, street cleaning and related services within the UK.

5. Operating profit

Operating profit is stated after charging/(crediting):

	2019	2018
	£	£
Depreciation of tangible fixed assets	652,592	876,175
Amortisation of negative goodwill	(437,844)	(750,618)
Amortisation of goodwill	25,000	50,000
Operating lease rentals	821,118	634,694
	<u> </u>	<u> </u>

6. Auditors' remuneration

	2019	2017
	£	£
Fees payable to the company's auditors for the audit of the company's financial statements	25,500	22,000
	<u> </u>	<u> </u>

7. Employees

	2019	2018
	£	£
Staff costs were as follows:		
Wages and salaries	15,177,380	13,798,848
Social security costs	1,407,952	1,290,893
Other pension costs	721,604	452,371
	<u> </u>	<u> </u>
	<u>17,306,936</u>	<u>15,542,112</u>

The average monthly number of employees, including the directors, during the year/period was as follows:

	2019	2018
	Number	Number
Operatives	516	507
Management and administration	68	45
	<u> </u>	<u> </u>
	<u>584</u>	<u>552</u>

BRISTOL WASTE COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued) For the year ended 31 March 2019

8. Directors' remuneration

The directors emoluments were as follows:

	2019 £	2018 £
Aggregate remuneration	<u>170,000</u>	<u>-</u>

One of the directors is a Bristol City Council appointed Officer and does not receive any separate remuneration for their roles outside of their Council contract of employment. In the prior year, the only director to receive remuneration for services to the company was paid by Bristol City Council, for which the company received a recharge of £166,992.

Post-employment benefits are accruing for two directors (2018: none) under a defined contribution scheme. No directors were members of defined benefit scheme (2018: none).

9. Interest receivable and similar income

	2019 £	2018 £
Other interest receivable	<u>18,394</u>	<u>3,560</u>

10. Interest payable and similar expenses

	2019 £	2018 £
Interest on defined benefit pension (note 20)	37,000	33,000
Bank interest payable	11,770	3,416
	<u>48,770</u>	<u>36,416</u>

BRISTOL WASTE COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued) For the year ended 31 March 2019

11. Tax on profit on ordinary activities

Corporation tax

	2019 £	2018 £
Current tax on profits for the year	52,132	204,555
Deferred tax:		
Origination and reversal of timing differences	(11,519)	(56,120)
Effect of changes in tax rates	1,213	5,907
Total deferred tax	(10,306)	(50,213)
Total tax charge	41,826	154,342

Factors affecting tax charge for the period

The tax assessed for the year is lower than the standard rate of corporation tax in the UK of 19% (2018: 19%). The differences are explained below:

	2019 £	2018 £
Profits on ordinary activities before tax	368,241	895,072
Profits on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2018: 19%)	69,966	170,064
Effects of:		
Expenses not deductible for tax purposes	89	(21,629)
Income not taxable	29,442	-
Effect of changes in tax rates	1,213	5,907
Total current and deferred tax	41,826	154,342

Factors that may affect future tax charges

In his budget of 8 July 2015, the Chancellor of the Exchequer announced a reduction in the corporation tax rate to 19% for the financial year beginning 1 April 2017 and a further reduction to 18% for the financial year beginning 1 April 2020. The Finance Act 2016 reduced the main rate of corporation tax to 17% from 1 April 2020 (replacing the 18% rate) and was enacted on 15 September 2016. As these changes were substantively enacted at the balance sheet date, deferred tax has been calculated appropriately at these rates in the financial statements.

BRISTOL WASTE COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 March 2019

12. Goodwill

	Negative Goodwill	Positive Goodwill	Total
	£	£	£
Cost			
At 1 April 2018	(2,439,490)	75,000	(2,364,490)
Additions	-	-	-
	<hr/>	<hr/>	<hr/>
At 31 March 2019	(2,439,490)	75,000	(2,364,490)
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
Accumulated amortisation			
At 1 April 2018	2,001,646	(50,000)	1,951,646
Charge for the year	437,844	(25,000)	412,844
	<hr/>	<hr/>	<hr/>
At 31 March 2019	2,439,490	(75,000)	2,364,490
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
Net book value			
At 31 March 2019	-	-	-
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
At 31 March 2018	(437,844)	25,000	(412,844)
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

BRISTOL WASTE COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 March 2019

13. Tangible assets

	Fixtures and Fittings	Containers	Plant and machinery	Motor vehicles	Total
	£	£	£	£	£
Cost					
At 1 April 2018	115,049	158,066	380,024	2,488,351	3,141,490
Additions	62,420	69,005	126,542	463,958	721,925
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 31 March 2019	<u>177,469</u>	<u>227,071</u>	<u>506,566</u>	<u>2,952,309</u>	<u>3,863,415</u>
Accumulated depreciation					
At 1 April 2018	3,707	29,515	234,659	1,897,258	2,165,139
Charge for the year / depreciation	30,557	36,914	103,180	481,941	652,592
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 31 March 2019	<u>34,264</u>	<u>66,429</u>	<u>337,829</u>	<u>2,379,199</u>	<u>2,817,731</u>
Net book value					
At 31 March 2019	<u>143,205</u>	<u>160,642</u>	<u>168,727</u>	<u>573,110</u>	<u>1,045,684</u>
At 31 March 2018	<u>111,342</u>	<u>128,551</u>	<u>145,365</u>	<u>591,093</u>	<u>976,351</u>

BRISTOL WASTE COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 March 2019

14. Debtors

	2019	2018
	£	£
<i>Amounts falling due within one year</i>		
Trade debtors	4,775,136	4,966,313
Prepayments and accrued income	1,184,556	1,120,723
	<u>5,959,691</u>	<u>6,087,036</u>

Amounts falling due after more than one year

	2019	2018
	£	£
Deferred tax asset	<u>340,584</u>	<u>298,828</u>

	2019
	£
Movement of deferred tax	
At 1/4/2018	298,828
Charge for the year	10,306
Credit to other comprehensive income	31,450
As at 31/03/2019	<u>340,584</u>

The deferred tax asset relates primarily to the defined benefit pension obligation and arose principally on the transfer of the deficit as described in note 20.

15. Cash at bank and in hand

	2019	2018
	£	£
Cash at bank and in hand	<u>4,338,981</u>	<u>2,672,545</u>

BRISTOL WASTE COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 March 2019

16. Financial instruments

	2019	2018
	£	£
Financial assets		
Financial assets that are debt instruments measured at amortised cost	<u>4,775,136</u>	<u>5,093,482</u>
Financial liabilities		
Financial liabilities measured at amortised cost	<u>(3,860,704)</u>	<u>(3,323,519)</u>

Financial assets measured at amortised cost comprise trade debtors and other debtors.

Financial liabilities measured at amortised cost comprise trade creditors, other creditors and accruals.

17. Called-up share capital

	2019	2018
	£	£
Allotted, called-up and fully paid		
1 (2018: 1) Ordinary share of £1 each	<u>1</u>	<u>1</u>

18. Reserves

Profit and loss account

The profit and loss account represents the accumulated profits, losses and distributions of the company.

19. Creditors: amounts falling due within one year

	2019	2018
	£	£
Trade creditors	527,412	507,950
Group relief creditor	256,689	204,555
Other taxation and social security	553,621	599,895
Other creditors	674,516	143,999
Accruals and deferred income	<u>3,768,170</u>	<u>2,839,848</u>
	<u>5,780,408</u>	<u>4,296,247</u>

NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 March 2019

20. Employee benefit obligations

The company operates a defined contribution and a defined benefit pension scheme. The assets of the defined contribution scheme are held separately from those of the company in an independently administered fund. The pension charge amounted to £282,604 (2018: £452,371).

Defined benefit scheme

Bristol Waste Company Limited (the “Company”) is a participating employer of a defined benefit Local Government pension scheme (the “Fund”). The Fund is a multi-employer scheme and the disclosures below are in respect of the benefits payable from the Fund that are attributable to the company. The level of benefits provided by the Fund depends on a member’s length of service and their salary at the date of leaving the Fund.

The last completed funding valuation of the Fund was carried out by a qualified actuary as at 31 March 2016.

The principal assumptions used to calculate the liabilities under FRS102 are set out below:

Main financial assumptions

	2019	2018
	% p.a	% p.a
CPI Inflation	2.2	2.1
Increase in salaries	3.7	3.6
Increase in pension payment/deferment	2.3	2.2
Discount rate	2.4	2.6

Main demographic

	2019	2018
Life expectancy for male currently aged 65	23.7 years	23.6 years
Life expectancy for female currently aged 65	26.2 years	26.1 years
Life expectancy at 65 for male currently aged 45	26.3 years	26.2 years
Life expectancy at 65 for female currently aged 45	29.0 years	28.8 years

Fund asset

	2019	2018
	%	%
Equities	40	41
Government bonds	12	11
Other bonds	12	2
Property	10	9
Cash/liquidity	2	4
Other	24	34

None of the Fund assets are invested in the company’s financial instruments or in property occupied by, or assets used by, the company.

BRISTOL WASTE COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 March 2019

20. Employee benefit obligations (continued)

Reconciliation of funded status to balance sheet

	2019 £	2018 £
Fair value of assets	4,167,000	3,656,000
Present value of defined benefit liability	(6,123,000)	(5,206,000)
	<u> </u>	<u> </u>
Liability recognised on the Statement of Financial Position	(1,956,000)	(1,550,000)
	<u> </u>	<u> </u>

Amounts recognised in profit and loss

	2019 £	2018 £
Administration expenses	6,000	7,000
Current service cost	439,000	540,000
Net interest cost	37,000	33,000
	<u> </u>	<u> </u>
Pension expense recognised in the profit and loss account	482,000	580,000
	<u> </u>	<u> </u>

Amounts recognised in Other Comprehensive Income

	2019 £	2018 £
Remeasurements (liabilities and assets)	185,000	(198,000)
	<u> </u>	<u> </u>
Total amount recognised in other comprehensive income	185,000	(198,000)
	<u> </u>	<u> </u>

Changes to the present value of the defined benefit obligation during the year

	2019 £	2018 £
Benefit obligation at the beginning of the year	5,206,000	4,776,000
Current service cost	439,000	540,000
Interest expense	136,000	119,000
Member contributions	80,000	92,000
Actuarial losses/(gains)	326,000	(219,000)
Benefits paid	(64,000)	(102,000)
	<u> </u>	<u> </u>
Closing defined benefit obligation	6,123,000	5,206,000
	<u> </u>	<u> </u>

BRISTOL WASTE COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)
For the year ended 31 March 2019

20. Employee benefit obligations (continued)

Changes to the fair value of fund assets during the year

	2019	2018
	£	£
Operating fair value of fund assets	3,656,000	3,304,000
Interest on plan assets	99,000	86,000
Remeasurements losses/(assets)	141,000	(21,000)
Administration expenses	(6,000)	(7,000)
Employer contributions	261,000	304,000
Member contributions	80,000	92,000
Benefits paid	(64,000)	(102,000)
	<u>4,167,000</u>	<u>3,656,000</u>
Fair value of plan assets at the end of the year		
	<u>240,000</u>	<u>66,000</u>
Actual return on plan assets		

In February 2017, the company assumed the pension liabilities associated with employees who transferred to the company under TUPE, following the award of the 10 year contract from BCC to manage the Household Recycling Centres.

Although the pension obligations were fully funded on a funding basis of valuation, these showed a net deficit when measured in accordance with FRS102. The assumptions of this liability, via a transaction with the company's ultimate parent company, has been recognised directly in equity.

21. Related party transactions

The company had the following transactions with Bristol City Council ("BCC"), its ultimate parent.

	2019	2018
	£	£
Sales to BCC	32,151,153	27,901,601
Expenses recharged from BCC	974,755	1,614,524
Balance outstanding from BCC (included in trade debtors)	<u>4,542,658</u>	<u>4,338,977</u>

BRISTOL WASTE COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued) For the year ended 31 March 2019

Related party transactions (continued)

The company had the following transactions with Rocket Business Group, a company controlled by one of the directors of Bristol Waste

	2019 £	2018 £
Services purchased from Rocket Business Group	<u>84,269</u>	<u>Nil</u>

The company had the following transactions with Richie Brislen, an entity controlled by one of the directors of Bristol Waste

	2019 £	2018 £
Services purchased from Richie Brislen	<u>3,901</u>	<u>Nil</u>

22. Commitments under operating leases

At 31 March 2019, the company had future minimum lease payments under non-cancellable operating leases as follows:

	2019 £	2018 £
Not later than 1 year	<u>242,100</u>	<u>634,694</u>

23. Ultimate parent undertaking and controlling party

The immediate parent company is Bristol Holding Limited, a company incorporated in England and Wales.

The ultimate parent is Bristol City Council. The consolidated financial statements for Bristol City Council which are the only consolidated financial statements which include the company, are available from the registered office shown in Note 1.