Company registration number 02660628 (England and Wales)

# CYNON VALLEY WASTE DISPOSAL COMPANY LTD

# TRADING AS AMGEN CYMRU

# ANNUAL REPORT AND FINANCIAL STATEMENTS

# FOR THE YEAR ENDED 31 MARCH 2024

# CYNON VALLEY WASTE DISPOSAL COMPANY LTD
# TRADING AS AMGEN CYMRU
## COMPANY INFORMATION

| | | |
|---|---|---|
| **Directors** | Mr D P Griffiths | |
| | Mr D J Lee | |
| | Mr S P Williams | (Appointed 1 September 2023) |
| **Secretary** | Mr D P Griffiths | |
| **Company number** | 02660628 | |
| **Registered office** | Bryn Pica<br>Llwydcoed<br>Aberdare<br>Rhondda Cynon Taf<br>Mid Glamorgan<br>United Kingdom<br>CF44 0BX | |
| **Auditor** | Azets Audit Services<br>Ty Derw, Lime Tree Court<br>Cardiff Gate Business Park<br>Cardiff<br>United Kingdom<br>CF23 8AB | |

# CYNON VALLEY WASTE DISPOSAL COMPANY LTD
# TRADING AS AMGEN CYMRU
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# CYNON VALLEY WASTE DISPOSAL COMPANY LTD
# TRADING AS AMGEN CYMRU
## STRATEGIC REPORT

### *FOR THE YEAR ENDED 31 MARCH 2024*

The Directors present the strategic report for the year ended 31 March 2024.

Cynon Valley Waste Disposal Company Limited ("the company") trades as a Waste Disposal Company. The company conducts business with a number of local authorities (primarily Rhondda Cynon Taf County Borough Council (RCTCBC)) including waste disposal and various recycling services.

**Review of the business**

The results for the year ended 31 March 2024 and the preceding financial year are shown in the annexed financial statements.

During the year, the company's primary customer, RCTCBC, continued to develop its waste management arrangements to support one of its Corporate Plan priorities of 'Places – where people are proud to live, work and play' that focusses on, amongst other things, minimising the amount of waste sent to landfill, achieving ambitious recycling targets and reducing its carbon footprint. The company played a key part in these arrangements by processing waste through its state-of-the-art Materials Recycling Facility to optimise recycling performance; managed community recycling centres across the County Borough that provided easily accessible additional recycling facilities for residents; supported the on-going provision of 're-use' shops in Aberdare, Llantrisant and Treherbert; and positively contributed to the evolving circular economy in Wales. This programme of work was in line with the company's strategic objectives to support the delivery of sustainable services and contributing to a more prosperous Wales, with the company providing well-paid employment to 48 staff based in the area during the year, as well as investing in their training and skills.

From a financial perspective, the operating environment during the period was challenging, this being impacted by the on-going wider UK economic conditions of heightened inflation, that drove higher pay and non-pay costs across the business, with the Company reporting a loss for the year. Notwithstanding this more recent downturn position, the company is financially stable: a strong balance sheet underpinned by healthy working capital, well-maintained and income generating assets, varied customer base and the careful investment of operating cash balances.

The decisions made by the company's Directors during the year in respect of service planning and delivery focussed on both shorter-term priorities and laying the foundations for the future, recognising the challenging operating environment and financial position. This has included the delivery of in-year cost reduction measures to partly mitigate expenditure pressures; delivering an on-going programme of investment in existing infrastructure, for example, to cap designated areas of the Bryn Pica landfill site and prepare for the refurbishment of the Bryn Pica Leachate Plant; developing new wind-turbine infrastructure in collaboration with and funded by an external partner at the Nant-y-Gwyddon site, providing clean energy generation for the long-term; preparatory work to increase income generation through commercial opportunities, including further optimisation of the company's assets; and progressing a business case for a solar farm at the Bryn Pica site to support the company's future operations. The Directors are committed to this approach moving forward to maintain the company's financial stability and resilience, continue the delivery of fit for purpose services, at the same time as ensuring that the company has sufficient cash resources to meet its liabilities as they fall due in the foreseeable future, and are confident that the ongoing programme of work will maintain the going-concern status of the company into the future.

**Principal risks and uncertainties**

The management of the business and the execution of the company's business plan are subject to a number of key business risks as outlined in the table below:

| Risk | Potential Impact | Mitigation |
|---|---|---|
| **Competition** | The sector in which the company operates is subject to strong competition. The impact could impact on profitability margins going forward. | The company, in collaboration with its shareholder continues to invest heavily in its range of services and asset base. This, in conjunction with a focus on customer service, results in a high level of repeat business. |
| **People** | The business could be impacted by the loss of key individuals. | The business continuously engages staff through regular opportunities to give feedback and influence future business developments and training and progression opportunities. |
| **Compliance with laws and regulations** | Non-compliance may result in financial penalties, a negative impact on the company's ability to operate effectively and reputational damage especially given the type of sector the business operates in. | A robust regulatory framework ensures compliance with Natural Resources Wales and other relevant requirements. Both employees and contractors receive comprehensive training and guidance. |

Business risks are reviewed regularly by the directors and appropriate processes are put in place to monitor and mitigate any potential impact.

**Future Developments**

The Directors monitor and respond to regulatory changes and proactively keep abreast of future landfill diversion policies emanating from Government. Alongside this, the company will continue to align its strategic objectives to support RCTCBC's waste management arrangements, where tackling climate change and carbon reduction will be central to operations.

It is forecasted the economic conditions and operating environment will remain challenging and subject to change over the medium term. Notwithstanding this, the Directors are confident the company's financial stability and business model continue to provide solid foundations to support a viable operation on an on-going basis.

Key priorities and future developments include:

- Supporting the delivery of RCTCBC's waste management arrangements to meet ambitious recycling targets set by Welsh Government and in doing so avoid heavy financial penalties for the Council (this work will include supporting further increases in kerbside recycling and the on-going management, development and operation of Community Recycling Centres);
- Supporting the delivery of RCTCBC's ambition to be a carbon neutral Council by 2030;
- Assessing further renewable energy projects, in partnership with others where in the best interests of the company, to support on-going reductions in carbon emissions and energy costs;
- On-going research and development of innovative and sustainable waste management solutions and invest-to-save opportunities;
- Continuing to explore and develop commercial operations, including opportunities provided by the Materials Recycling Facility and commodity markets, alongside cost reduction options;
- Working in collaboration with RCTCBC to maximise the positive impact of the Education Centre which is a key recycling awareness tool for current and future generations; and
- Ongoing review of plant and vehicle requirements.

**Key performance indicators**

The company's key performance indicators (KPI's) are summarised below:

| KPI's | Year ended 31 March 2024 | Year ended 31 March 2023 |
|---|---|---|
| Turnover | £14,848k | £14,681k |
| Gross Profit | £584k | £927k |
| Gross Margin | 3.9% | 6.31% |
| Net Current Assets | £3,684k | £4,014k |
| Net Assets | £7,887k | £8,111k |

**Other performance indicators**

The company's operations expose it to a variety of financial risks that include the effects of price risk, credit risk, liquidity risk, interest rate risk and interest rate cash flow risk. The Company has in place an informal risk management programme that seeks to limit the adverse effects on the Company's financial performance. Given the Company's size, the directors have not delegated the responsibility for monitoring financial risk management to a sub-committee of the board. The policies set by the board of directors are implemented by the Company's finance department.

***Price risk***

The company is exposed to commodity price risk, predominantly arising from volatility in the market price available for the sale and disposal of recycled commodities. The company attempts to mitigate this risk by putting in place appropriate contractual and partnering arrangements. The company has no exposure to equity securities price risk as it does not hold any listed or other equity instruments

***Credit risk***

The Company's financial assets are cash and trade debtors. The Company's credit risk is primarily attributable to its trade debtors which are presented in the balance sheet net of allowances for doubtful debts. The board of directors continuously and rigorously review outstanding debts on a monthly basis with appropriate actions being taken to minimise the exposure.

***Liquidity and interest rate risk***

The company proactively monitors and manages its liquidity at Board level with debt/credit being regularly reviewed. The Company has cash reserves to fund its operations.

***Interest rate cash flow risk***

Interest bearing assets comprise cash balances which are not invested in long term instruments but retained as funds available for investment. Accordingly, the company has limited interest rate exposure.

On behalf of the board

Mr D P Griffiths
**Director**

1 October 2024

# CYNON VALLEY WASTE DISPOSAL COMPANY LTD
# TRADING AS AMGEN CYMRU
## DIRECTORS' REPORT
### *FOR THE YEAR ENDED 31 MARCH 2024*

The directors present their annual report and financial statements for the year ended 31 March 2024.

**Principal activities**
The principal activity of the company under review continued to be the provision of recycling services and waste disposal facilities.

**Results and dividends**
The results for the year are set out on page 10.

No ordinary dividends were paid. The directors do not recommend payment of a final dividend.

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

| | |
|---|---|
| Mr D P Griffiths | |
| Mr D J Lee | |
| Mr Roger Waters | (Resigned 31 August 2023) |
| Mr S P Williams | (Appointed 1 September 2023) |

**Future developments**
The strategy and future developments in the business are set out in the Strategic Report.

**Auditor**
In accordance with the company's articles, a resolution proposing that Azets Audit Services be reappointed as auditor of the company will be put at a General Meeting.

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

On behalf of the board

Mr D P Griffiths
**Director**

1 October 2024

# CYNON VALLEY WASTE DISPOSAL COMPANY LTD
# TRADING AS AMGEN CYMRU
## DIRECTORS' RESPONSIBILITIES STATEMENT

***FOR THE YEAR ENDED 31 MARCH 2024***

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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

# CYNON VALLEY WASTE DISPOSAL COMPANY LTD
# TRADING AS AMGEN CYMRU
## INDEPENDENT AUDITOR'S REPORT

## TO THE MEMBERS OF CYNON VALLEY WASTE DISPOSAL COMPANY LTD

**Opinion**

We have audited the financial statements of Cynon Valley Waste Disposal Company Ltd (the 'company') for the year ended 31 March 2024 which comprise the profit and loss account, the statement of comprehensive income, the balance sheet, the statement of changes in equity and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2024 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

**Basis for opinion**

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

**Conclusions relating to going concern**

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

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

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

**Other information**

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

We have nothing to report in this regard.

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

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

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

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

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or 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 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/auditorsresponsibilities. This description forms part of our auditor's report.

**Extent to which the audit was considered capable of detecting irregularities, including fraud**
Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above and on the Financial Reporting Council's website, to detect material misstatements in respect of irregularities, including fraud.

We obtain and update our understanding of the entity, its activities, its control environment, and likely future developments, including in relation to the legal and regulatory framework applicable and how the entity is complying with that framework. Based on this understanding, we identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. This includes consideration of the risk of acts by the entity that were contrary to applicable laws and regulations, including fraud.

In response to the risk of irregularities and non-compliance with laws and regulations, including fraud. we designed procedures which included:

- Enquiry of management and those charged with governance around actual and potential litigation and claims as well as actual, suspected and alleged fraud;
- Reviewing minutes of meetings of those charged with governance;
- Assessing the extent of compliance with the laws and regulations considered to have a direct material effect on the financial statements or the operations of the company through enquiry and inspection;
- Reviewing financial statement disclosures and testing to supporting documentation to assess compliance with applicable laws and regulations;
- Performing audit work over the risk of management bias and override of controls, including testing of journal entries and other adjustments for appropriateness, evaluating the business rationale of significant transactions outside the normal course of business and reviewing accounting estimates for indicators of potential bias.

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 of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

**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.

**Craig Yearsley FCCA**
**Senior Statutory Auditor**
**For and on behalf of Azets Audit Services**

2 October 2024

**Chartered Accountants**
**Statutory Auditor**

Ty Derw, Lime Tree Court
Cardiff Gate Business Park
Cardiff
United Kingdom
CF23 8AB

# CYNON VALLEY WASTE DISPOSAL COMPANY LTD
# TRADING AS AMGEN CYMRU
## PROFIT AND LOSS ACCOUNT
### *FOR THE YEAR ENDED 31 MARCH 2024*

| | Notes | 2024<br>£ | 2023<br>£ |
|---|---|---|---|
| **Turnover** | **3** | 14,848,735 | 14,681,330 |
| Cost of sales | | (14,246,761) | (13,754,368) |
| **Gross profit** | | 601,974 | 926,962 |
| Administrative expenses | | (871,366) | (1,300,800) |
| **Operating loss** | **4** | (269,392) | (373,838) |
| Interest receivable and similar income | **8** | 189,200 | 84,454 |
| Interest payable and similar expenses | **9** | (443,420) | (270,529) |
| **Loss before taxation** | | (523,612) | (559,913) |
| Tax on loss | **10** | (141,374) | 51,515 |
| **Loss for the financial year** | | (664,986) | (508,398) |

The profit and loss account has been prepared on the basis that all operations are continuing operations.

# CYNON VALLEY WASTE DISPOSAL COMPANY LTD
# TRADING AS AMGEN CYMRU
## STATEMENT OF COMPREHENSIVE INCOME

***FOR THE YEAR ENDED 31 MARCH 2024***

| | 2024<br>£ | 2023<br>£ |
|---|---|---|
| **Loss for the year** | (664,986) | (508,398) |
| **Other comprehensive income** | | |
| Actuarial gain on defined benefit pension schemes | 177,000 | 2,808,000 |
| Remeasurment (losses) / gains on pension scheme assets | 316,000 | (1,530,000) |
| Tax relating to other comprehensive income | (52,250) | (256,250) |
| **Other comprehensive income for the year** | 440,750 | 1,021,750 |
| **Total comprehensive income for the year** | (224,236) | 513,352 |

# CYNON VALLEY WASTE DISPOSAL COMPANY LTD
# TRADING AS AMGEN CYMRU
## BALANCE SHEET

***AS AT 31 MARCH 2024***

| | Notes | 2024 £ | 2024 £ | 2023 £ | 2023 £ |
|---|---|---|---|---|---|
| **Fixed assets** | | | | | |
| Tangible assets | **11** | | 17,198,449 | | 18,599,780 |
| Investments | **12** | | 100 | | 100 |
| | | | 17,198,549 | | 18,599,880 |
| **Current assets** | | | | | |
| Debtors | **14** | 3,856,844 | | 2,387,549 | |
| Cash at bank and in hand | | 2,941,038 | | 5,192,315 | |
| | | 6,797,882 | | 7,579,864 | |
| **Creditors: amounts falling due within one year** | **16** | (3,113,892) | | (3,565,983) | |
| **Net current assets** | | | 3,683,990 | | 4,013,881 |
| **Total assets less current liabilities** | | | 20,882,539 | | 22,613,761 |
| **Creditors: amounts falling due after more than one year** | **17** | | (3,975,423) | | (4,871,691) |
| **Provisions for liabilities** | | | | | |
| Provisions | **18** | 8,919,168 | | 9,168,803 | |
| Deferred tax liability | **19** | 100,917 | | - | |
| Defined benefit pension liability | **20** | - | | 462,000 | |
| | | | (9,020,085) | | (9,630,803) |
| **Net assets** | | | 7,887,031 | | 8,111,267 |
| **Capital and reserves** | | | | | |
| Called up share capital | **21** | | 2,806,000 | | 2,806,000 |
| Revaluation reserve | | | 341,544 | | 459,310 |
| Other reserves | | | 1,176,021 | | 1,308,667 |
| Profit and loss reserves | | | 3,563,466 | | 3,537,290 |
| **Total equity** | | | 7,887,031 | | 8,111,267 |

The financial statements were approved by the board of directors and authorised for issue on 1 October 2024 and are signed on its behalf by:

Mr D P Griffiths
**Director**

**Company Registration No. 02660628**

# CYNON VALLEY WASTE DISPOSAL COMPANY LTD
# TRADING AS AMGEN CYMRU
## STATEMENT OF CHANGES IN EQUITY

***FOR THE YEAR ENDED 31 MARCH 2024***

| | Share capital | Revaluation reserve | Capital Contribution Reserve | Profit and loss reserves | Total |
|---|---|---|---|---|---|
| | £ | £ | £ | £ | £ |
| **Balance at 1 April 2022** | 2,806,000 | 576,550 | 1,417,307 | 2,798,058 | 7,597,915 |
| **Year ended 31 March 2023:** | | | | | |
| Loss for the year | - | - | - | (508,398) | (508,398) |
| Other comprehensive income: | | | | | |
| Actuarial gains on defined benefit plans | - | - | - | 2,808,000 | 2,808,000 |
| Other comprehensive income of associates and jointly controlled entities | - | - | - | (1,530,000) | (1,530,000) |
| Tax relating to other comprehensive income | - | - | - | (256,250) | (256,250) |
| Total comprehensive income for the year | - | - | - | 513,352 | 513,352 |
| Transfers | - | (117,240) | - | 117,240 | - |
| Other movements | - | - | (108,640) | 108,640 | - |
| **Balance at 31 March 2023** | 2,806,000 | 459,310 | 1,308,667 | 3,537,290 | 8,111,267 |
| **Year ended 31 March 2024:** | | | | | |
| Loss for the year | - | - | - | (664,986) | (664,986) |
| Other comprehensive income: | | | | | |
| Actuarial gains on defined benefit plans | - | - | - | 177,000 | 177,000 |
| Other comprehensive income of associates and jointly controlled entities | - | - | - | 316,000 | 316,000 |
| Tax relating to other comprehensive income | - | - | - | (52,250) | (52,250) |
| Total comprehensive income for the year | - | - | - | (224,236) | (224,236) |
| Transfers | - | (117,766) | - | 117,766 | - |
| Other movements | - | - | (132,646) | 132,646 | - |
| **Balance at 31 March 2024** | 2,806,000 | 341,544 | 1,176,021 | 3,563,466 | 7,887,031 |

## 1 Accounting policies

**Company information**

Cynon Valley Waste Disposal Company Ltd is a private company limited by shares incorporated in England and Wales . The registered office is Bryn Pica, Llwydcoed Aberdare, Rhondda Cynon Taf, United Kingdom, CF44 0BX.

### 1.1 Accounting convention

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

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared under the historical cost convention, modified to include the revaluation of freehold properties. The principal accounting policies adopted are set out below.

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

- Section 7 'Statement of Cash Flows': Presentation of a statement of cash flow and related notes and disclosures;
- Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instrument Issues: The disclosure requirements of paragraphs 11.42, 11.44, 11.45, 11.47, 11.48(a)(iii), 11.48(a)(iv), 11.48(b), 11.48(c), 12.26, 12.27, 12.29(a), 12.29(b), and 12.29A;
- Section 26 'Share based Payment': Share based payment arrangements required under FRS 102 paragraphs 26.18(b), 26.19 to 26.21 and 26.23;
- Section 33 'Related Party Disclosures': Compensation for key management personnel.

The financial statements of the company are consolidated in the financial statements of Rhonnda Cynon Taf County Borough Council. These consolidated financial statements are available on www.rctcbc.gov.uk

The company's immediate parent holds 100% of the allotted shares in the entity, and notice requesting the preparation of consolidated financial statements has not been served on the entity by its shareholders. The company is included in the consolidated financial statements of Rhondda Cynon Taf County Borough Council which are publicly available. Therefore the company is exempt by virtue of section 400 of the Companies Act 2006 from the requirement to prepare consolidated financial statements.

These financial statements represent those of the company alone.

### 1.2 Going concern

At the time of approving the financial statements, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future.This position is based on being financially stable, underpinned by a strong balance sheet with healthy working capital, and agreed forward programme of work to reduce costs and increase income generation through commerical opportunities. Thus the directors continue to adopt the going concern basis of accounting in preparing the financial statements.

**1 Accounting policies** **(Continued)**

**1.3 Turnover**

Turnover is recognised at the fair value of the consideration received or receivable for goods and services provided in the normal course of business Turnover includes landfill tax but is shown net of value added tax, rebates and similar allowances. This principle applies to:

- Landfill - when waste crosses the weighbridge and is tipped
- Community Recycling Centre (CRC) management - evenly over the period to which it relates
- Community Recycling Centre (CRC) transport - when the waste is removed from the CRC
- Recycling Centre - when waste crosses the weighbridge and is taken to the recycling centre
- Landfill gas - recognised 3 months after landfill gas is generated (due to contract terms)

**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.

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:

| | |
|---|---|
| Land & Buildings | Straight line over 10-30 years |
| Landfill site | Tonnage capacity utilised |
| Site infrastructure | Straight line over 10 years |
| Recycling centre | Straight line over 10 years |
| Landfill Phases | Tonnage capacity percentage utilised |
| Fixtures and fittings | Straight line over 10 years |
| Computer Equipment | Straight line over 3 years |
| Motor Vehicles | Straight line over 4 years |

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is credited or charged to profit or loss.

**Derecognition**

Tangible assets are derecognised on disposal or when no future economic benefits are expected. On disposal, the difference between the net disposal proceeds and the carrying amount is recognised in the Income Statement.

Landfill phases are eliminated from fixed assets during the year in which they are decommissioned.

**Assets under construction**

Assets under construction are carried at cost and are not depreciated until they are brought into use.

**1.5 Fixed asset investments**

Interests in subsidiaries are initially measured at cost and subsequently measured at cost less any accumulated impairment losses. The investments are assessed for impairment at each reporting date and any impairment losses or reversals of impairment losses are recognised immediately in profit or loss.

A subsidiary is an entity controlled by the company. Control is the power to govern the financial and operating policies of the entity so as to obtain benefits from its activities.

**1 Accounting policies** **(Continued)**

**1.6 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 profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

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 profit or loss, 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.

**1.7 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.

**1.8 Financial instruments**

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

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

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

***Basic financial assets***

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

***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 profit or loss, 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.

1 **Accounting policies** **(Continued)**

***Impairment of financial assets***

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

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

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

***Derecognition of financial assets***

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

***Classification of financial liabilities***

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

***Basic financial liabilities***

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

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

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

***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 profit or loss 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.

**1 Accounting policies** **(Continued)**

***Derecognition of financial liabilities***

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

**1.9 Equity instruments**

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

**1.10 Taxation**

The tax expense represents the sum of the tax currently payable and deferred tax.

***Current tax***

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the profit and loss account because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

***Deferred tax***

Deferred tax liabilities are generally recognised for all timing differences and deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Such assets and liabilities are not recognised if the timing difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the profit and loss account, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset when the company has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

**1.11 Provisions**

Provisions are recognised when the company has a legal or constructive present obligation as a result of a past event, it is probable that the company will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting end date, taking into account the risks and uncertainties surrounding the obligation. Where the effect of the time value of money is material, the amount expected to be required to settle the obligation is recognised at present value. When a provision is measured at present value, the unwinding of the discount is recognised as a finance cost in profit or loss in the period in which it arises.

A provision for after-care costs in relation to the obligation to restore the site has been realised in the financial statements. In addition, a corresponding asset representing the costs relating to obligations as a result of future void usage has also been included. This asset will be released over the estimated usage period of the site, in line with revenue-matching principles. After-care costs are provided for based on the Directors' expectations that the obligation will have been fulfilled 60 years after the closure of the site.

**1 Accounting policies** **(Continued)**

**1.12 Employee benefits**

The company provides a range of benefits to employees, including paid holiday arrangements and defined benefit pension plans.

Short term benefits, including holiday pay and other similar non-monetary benefits, are recognised in the period in which the service is received.

**1.13 Retirement benefits**

**1.14 Leases**

Incentives received to enter into a finance lease reduce the fair value of the asset and are included in the calculation of the present value of minimum lease payments.
Incentives received to enter into an operating lease are credited to the Income Statement, to reduce the lease expenses, on a straight-line basis over the period of the lease.
The company has taken advantage of the exemption in respect of lease incentives on leases in existence as at the date of transition to FRS 102 (1 April 2014) and continues to credit such lease incentives to the profit and loss account over the period of the lease.

**1.15 Dividends to equity shareholders**

Dividends and other distributions to the company's shareholder are recognised as a liability in the financial statements in the period in which the dividends and other distributions are approved by the company's shareholders. These amounts are recognised in the statements of changes in equity.

**1.16 Exceptional items**

The company classifies certain one-off charges or credits that have a material impact on the company's financial results as 'exceptional items'. These are disclosed separately in the notes to provide further understanding of the financial position and the financial performance of the company.

**1.17 Impairment of non-financial assets**

At each balance sheet date non-financial assets not carried at fair value are assessed to determine whether there is an indication that the asset (or the asset's cash generating unit) may be impaired. If there is such an indication, the recoverable amount of the asset's (or the asset's cash generating unit) is compared to the carrying amount (or the asset's cash generating unit).

The recoverable amount for the asset (or the asset's cash generating unit) is the higher of the fair value of the future cash flows before interest and tax obtainable as a result of the asset's (or the asset's cash generating unit) continued use. These cash flows are discounted using a pre-tax discount rate that represents the current market risk-free rate and the risks inherent in the asset.

If the recoverable amount of the asset (or the asset's cash generating unit) is estimated to be lower than the carrying amount, the carrying amount is reduced to its recoverable amount.

If an impairment loss is subsequently reversed, the carrying amount of the asset (or the asset's cash generating unit) is increased to the revised estimate of its recoverable amount, but only to the extent that the revised carrying amount that would have been determined (net of depreciation or amortisation) had no impairment loss been recognised in prior periods. A reversal of an unimpaired loss is recognised in the Income Statement.

**1.18 Share capital**

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new ordinary shares or options are shown in equity as a deduction, net of tax, from the proceeds.

## 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.

**Critical judgements**
The following judgements (apart from those involving estimates) have had the most significant effect on amounts recognised in the financial statements.

***Useful economic lives of tangible 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 11 for the carrying amount of the property, plant and equipment, and above for the useful economic lives for each class of assets.

***Impairment of debtors***
The company makes an estimate of the recoverable value of trade and other debtors. When assessing the impairment of trade and other debtors, management considers factors including the current credit rating of the debtor, the ageing profile of debtors and historical experience. See note 14 for the net carrying amount of the debtors and associated impairment provision.

***Value of aftercare provision***
The company makes an estimate of future costs associated with the closure of the landfill site and the aftercare costs in relation to monitoring the closed site, gas management, maintenance and security costs of the closed site and leachate disposal costs post closure in order to arrive at a valuation for the aftercare provision. See note 18 for the net carrying amount of the aftercare provision.

During last year, the company changed it's policy in relation to the aftercare provision.

The provision includes the best estimate of the financial effects of the uncertanties but future changes to any of these estimates may have a material impact on the provision.

The associated outflows are estimated to arise over a period of up to 60 years from the date of the site closure. In determining the provision the estimates for future expenditure required to settle the obligation are inflated using long term inflation rates and discounted using the nominal risk free discount rate

## 3 Turnover and other revenue

| | 2024 | 2023 |
|---|---|---|
| | £ | £ |
| **Turnover analysed by class of business** | | |
| Landfill | 2,267,721 | 2,502,924 |
| Community Recycling Centre Management | 1,138,992 | 1,116,659 |
| Community Recycling Centre Transport | 2,238,185 | 2,238,960 |
| Landfill Gas | 165,119 | 215,000 |
| Recycling Centre | 7,819,549 | 5,582,737 |
| Other income | 1,219,169 | 3,025,050 |
| | 14,848,735 | 14,681,330 |

| | 2024 | 2023 |
|---|---|---|
| | £ | £ |
| **Other revenue** | | |
| Interest income | 189,200 | 84,454 |

All turnover is generated from operations within the United Kingdom

## 4 Operating loss

| | 2024 | 2023 |
|---|---|---|
| Operating loss for the year is stated after charging/(crediting): | £ | £ |
| Depreciation of owned tangible fixed assets | 1,397,036 | 1,386,620 |
| Depreciation of tangible fixed assets held under finance leases | 118,439 | 150,831 |
| Deferred MRF Efficiencies | (612,756) | (612,756) |
| Profit on disposal of tangible fixed assets | - | (31,995) |

## 5 Auditor's remuneration

| | 2024 | 2023 |
|---|---|---|
| Fees payable to the company's auditor and associates: | £ | £ |
| **For audit services** | | |
| Audit of the financial statements of the company | 20,300 | 15,550 |
| **For other services** | | |
| Taxation compliance services | 2,750 | 2,500 |

## 6 Employees

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

| | 2024<br>Number | 2023<br>Number |
|---|---|---|
| Management & Administration | 11 | 11 |
| Landfill Operations | 12 | 12 |
| Recycling Operations | 25 | 26 |
| Transport Operations | - | 1 |
| Total | 48 | 50 |

Their aggregate remuneration comprised:

| | 2024<br>£ | 2023<br>£ |
|---|---|---|
| Wages and salaries | 1,776,437 | 1,906,262 |
| Pension costs | 291,844 | 334,000 |
| | 2,068,281 | 2,240,262 |

The company also employ a number of temporary agency staff.

## 7 Directors' remuneration

| | 2024<br>£ | 2023<br>£ |
|---|---|---|
| Remuneration for qualifying services | 33,003 | 33,002 |

The pension contributions of the directors are met by the parent undertaking, Rhondda Cynon Taf County Borough Council. A percentage of each director's remuneration package is recharged to the company by the parent based on the percentage of time spent on Cynon Valley Waste Disposal Company Limited duties.

## 8 Interest receivable and similar income

| | 2024<br>£ | 2023<br>£ |
|---|---|---|
| **Interest income** | | |
| Interest on bank deposits | 189,200 | 84,454 |

## 9 Interest payable and similar expenses

| | 2024 | 2023 |
|---|---|---|
| | £ | £ |
| Other interest on financial liabilities | 428,420 | 270,529 |
| Other interest | 15,000 | - |
| | 443,420 | 270,529 |

## 10 Taxation

| | 2024 | 2023 |
|---|---|---|
| | £ | £ |
| **Current tax** | | |
| Adjustments in respect of prior periods | - | 89 |
| **Deferred tax** | | |
| Origination and reversal of timing differences | 141,374 | (51,604) |
| Total tax charge/(credit) | 141,374 | (51,515) |

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

| | 2024 | 2023 |
|---|---|---|
| | £ | £ |
| Loss before taxation | (523,612) | (559,913) |
| Expected tax credit based on the standard rate of corporation tax in the UK of 25.00% (2023: 19.00%) | (130,903) | (106,383) |
| Tax effect of expenses that are not deductible in determining taxable profit | 154,760 | 70,938 |
| Adjustments in respect of prior years | 36,767 | 9,367 |
| Effect of change in corporation tax rate | - | (5,449) |
| Prior year adjustments | - | (18,777) |
| Superdeduction | - | (1,211) |
| Deferred tax on pension scheme | 80,750 | - |
| Taxation charge/(credit) for the year | 141,374 | (51,515) |

In addition to the amount charged/(credited) to the profit and loss account, the following amounts relating to tax have been recognised directly in other comprehensive income:

| | 2024 | 2023 |
|---|---|---|
| | £ | £ |
| Deferred tax arising on: | | |
| Actuarial differences recognised as other comprehensive income | 52,250 | 256,250 |

## 11 Tangible fixed assets

| | Land & Buildings | Landfill site | Recycling centre | Fixtures and fittings | Landfill Phases | Total |
|---|---|---|---|---|---|---|
| | £ | £ | £ | £ | £ | £ |
| **Cost** | | | | | | |
| At 1 April 2023 | 3,142,720 | 9,240,145 | 13,675,121 | 193,440 | 982,151 | 27,233,577 |
| Additions | - | - | 103,923 | - | - | 103,923 |
| At 31 March 2024 | 3,142,720 | 9,240,145 | 13,779,044 | 193,440 | 982,151 | 27,337,500 |
| **Depreciation and impairment** | | | | | | |
| At 1 April 2023 | 1,834,021 | 181,180 | 6,088,008 | 193,440 | 337,148 | 8,633,797 |
| Depreciation charged in the year | 203,780 | 90,554 | 1,153,969 | - | 56,951 | 1,505,254 |
| At 31 March 2024 | 2,037,801 | 271,734 | 7,241,977 | 193,440 | 394,099 | 10,139,051 |
| **Carrying amount** | | | | | | |
| At 31 March 2024 | 1,104,919 | 8,968,411 | 6,537,067 | - | 588,052 | 17,198,449 |
| At 31 March 2023 | 1,308,699 | 9,058,965 | 7,587,113 | - | 645,003 | 18,599,780 |

The carrying value of land and buildings comprises:

| | 2024 | 2023 |
|---|---|---|
| | £ | £ |
| Freehold | 509,400 | 589,400 |
| Short leasehold | 449,344 | 499,270 |
| | 958,744 | 1,088,670 |

Depreciation has been charged during the year amounting to £Nil (2023: £Nil) on hire purchase assets.

Landfill site includes £8.97m (2023 £9.05m) in relation to future economic benefit to be derived as a result of activity fulfilling aftercare obligations. When the obligation recognised as a provision gives access to future economic benefit, an asset is recognised. Changes to the provision arising from the revised estimates that relate to the asset are recorded as adjustments to the carrying value of the asset.

## 12 Fixed asset investments

| | Notes | 2024 | 2023 |
|---|---|---|---|
| | | £ | £ |
| Investments in subsidiaries | 13 | 100 | 100 |

## 13 Subsidiaries

Details of the company's subsidiaries at 31 March 2024 are as follows:

## 13 Subsidiaries (Continued)

| Name of undertaking | Registered office | Class of shares held | % Held Direct |
|---|---|---|---|
| Amgen Rhondda Limited | Bryn Pica, Llwydcoed, Aberdare, Rhondda Cynon Taff, CF44 0BX | Ordinary | 100.00 |

## 14 Debtors

| Amounts falling due within one year: | 2024 £ | 2023 £ |
|---|---|---|
| Trade debtors | 546,717 | 601,567 |
| Amounts owed by group undertakings | 3,182,878 | 1,328,496 |
| Prepayments and accrued income | 127,249 | 364,779 |
| | 3,856,844 | 2,294,842 |

| Amounts falling due after more than one year: | 2024 £ | 2023 £ |
|---|---|---|
| Deferred tax asset (note 19) | - | 92,707 |
| **Total debtors** | 3,856,844 | 2,387,549 |

Amounts owed by group undertakings are wholly invoices for services rendered by the company which are repayable in line with the company's credit terms.

## 15 Cash at bank and in hand

The current account and short term deposit account are to be used for meeting the company's trading liabilities and to finance investment in site developments and improvements at Bryn Pica in accordance with the conditions of the Pollution Prevention and Control permit. The short term deposit account is administered by the parent company's treasury management section in line with their treasury management policy.

## 16 Creditors: amounts falling due within one year

| | 2024 £ | 2023 £ |
|---|---|---|
| Trade creditors | 1,176,867 | 1,412,006 |
| Amounts owed to group undertakings | 896,268 | 919,131 |
| Corporation tax | 81,284 | 81,284 |
| Other taxation and social security | 407,164 | 477,478 |
| Accruals and deferred income | 552,309 | 676,084 |
| | 3,113,892 | 3,565,983 |

**16 Creditors: amounts falling due within one year** **(Continued)**

Amounts due to group undertakings are wholly invoices for goods and services rendered by group companies which the company has to repay in line with their credit terms.

**17 Creditors: amounts falling due after more than one year**

| | 2024 | 2023 |
|---|---|---|
| | £ | £ |
| Amounts owed to group undertakings | 3,975,423 | 4,871,691 |

**18 Provisions for liabilities**

| | 2024 | 2023 |
|---|---|---|
| | £ | £ |
| Aftercare capping provision | 8,919,168 | 9,168,803 |

Movements on provisions:

| | Aftercare capping provision |
|---|---|
| | £ |
| At 1 April 2023 | 9,168,803 |
| Utilisation of provision | (405,505) |
| Unwinding of discount | 155,870 |
| At 31 March 2024 | 8,919,168 |

As part of its normal activities the company undertakes to restore its landfill sites and to maintain the sites and control leachate and methane emissions from the sites. A provision is made for their anticipated costs. A number of estimation uncertainties affect the calculation, including the impact of regulation, climate change accuracy of site surveys, transportation costs and the change in RPI. The provision incorporates our best estimates of the financial effects of these but future changes in any of these estimates could have a material impact on the calculation of the provision. Restoration costs are incurred as the site is filled and the period immediately after closure. The provision incorporates the best estimate of the financial effect of these uncertainties, but future changes could have a material impact on the calculation. The company is required by the shareholders agreement to provide for future aftercare costs.

The aftercare provision is also impacted by tonnage tipped and management are continuously reviewing the scenarios associated with a changing business landscape with consideration to actual capping and restoration costs, future anticipated landfill phases and current assessments of tonnage and cost per tonne are all considered on a regular basis.

Aftercare costs are incurred as the site is filled and for a number of years post closure.The associated outflows are estimated to arise over a period of 60 years post closure depending on the date of the closure.

## 19 Deferred taxation

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

| Balances: | Liabilities 2024 £ | Liabilities 2023 £ | Assets 2024 £ | Assets 2023 £ |
|---|---|---|---|---|
| Accelerated capital allowances | 99,342 | - | - | - |
| Tax losses | - | - | - | (22,793) |
| Retirement benefit obligations | 1,575 | - | - | 115,500 |
| | 100,917 | - | - | 92,707 |

| Movements in the year: | 2024 £ |
|---|---|
| Asset at 1 April 2023 | (92,707) |
| Charge to profit or loss | 141,374 |
| Charge to other comprehensive income | 52,250 |
| Liability at 31 March 2024 | 100,917 |

## 20 Retirement benefit schemes

**Defined benefit schemes**

The company contributes into the Rhondda Cynor Taf County Borough Council Pension Fund which is part of the Local Government Pension Scheme ("LGPS"). The LGPS is a funded defined benefit career average scheme for service accrued post 2014, having previously been based on final salary. The change was part of the Government's attempts to assure the long term affordability of the scheme.

The level of contributions by the company is determined by a qualified actuary (AON Hewitt) on the basis of triennial valuations (in compliance with the Local Government Pension Scheme (Administration) Regulations 2008). The most recent valuation was as at 31 March 2022. Liabilities have been estimated by the independent qualified actuary on an actuarial basis using the projected unit credit method.

The employer's regular contributions to the fund for the annual accounting period to 31 March 2024 are estimated to be £292,000 (2023: £253,000). Additional contributions may also become due in respect of any employer discretions to enhance members' benefits in the Fund over the next accounting period.

The Board of Directors continue to monitor the risks associated with the pension scheme.

| *Key assumptions* | 2024 % | 2023 % |
|---|---|---|
| Discount rate | 4.8 | 4.6 |
| Expected rate of increase of pensions in payment | 2.6 | 2.6 |
| Expected rate of salary increases | 3.85 | 3.85 |
| Pension accounts revaluations rate | 2.6 | 2.6 |

| *Mortality assumptions* | 2024 Years | 2023 Years |
|---|---|---|
| Assumed life expectations on retirement at age 65: | | |
| Retiring today | | |
| - Males | 21 | 21.6 |
| - Females | 23.8 | 24.2 |
| Retiring in 20 years | | |
| - Males | 22.3 | 22.9 |
| - Females | 25.2 | 25.7 |

| *Amounts recognised in the profit and loss account* | 2024 £ | 2023 £ |
|---|---|---|
| Current service cost | 286,000 | 587,000 |
| Net interest on net defined benefit liability/(asset) | 15,000 | 33,000 |
| Past service cost | 22,000 | - |
| Total costs | 323,000 | 620,000 |

| *Amounts taken to other comprehensive income* | 2024 £ | 2023 £ |
|---|---|---|
| Actual return on scheme assets | (533,000) | 1,372,000 |
| Less: calculated interest element | 217,000 | 158,000 |
| Return on scheme assets excluding interest income | (316,000) | 1,530,000 |
| Actuarial changes related to obligations | (177,000) | (2,808,000) |
| Total costs/(income) | (493,000) | (1,278,000) |

The amounts included in the balance sheet arising from the company's obligations in respect of defined benefit plans are as follows:

| | 2024 | 2023 |
|---|---|---|
| | £ | £ |
| Present value of defined benefit obligations | 5,398,000 | 5,046,000 |
| Fair value of plan assets | (5,398,000) | (4,584,000) |
| Deficit in scheme | - | 462,000 |

| *Movements in the present value of defined benefit obligations* | 2024 £ |
|---|---|
| Liabilities at 1 April 2023 | 5,046,000 |
| Current service cost | 286,000 |
| Past service cost | 22,000 |
| Benefits paid | (101,000) |
| Contributions from scheme members | 90,000 |
| Actuarial gains and losses | (177,000) |
| Interest cost | 232,000 |
| At 31 March 2024 | 5,398,000 |

The defined benefit obligations arise from plans which are wholly or partly funded.

| *Movements in the fair value of plan assets* | 2024 £ |
|---|---|
| Fair value of assets at 1 April 2023 | 4,584,000 |
| Interest income | 217,000 |
| Return on plan assets (excluding amounts included in net interest) | 316,000 |
| Benefits paid | (101,000) |
| Contributions by the employer | 292,000 |
| Contributions by scheme members | 90,000 |
| At 31 March 2024 | 5,398,000 |

The actual return on plan assets was £533,000 (2023 - £1,372,000).

There is an unrecognised asset of £70k in relation to the difference between the fair value of assets of £5,398,000 and the present value of funded defined benefit obligation of £5,328,000.

| *Fair value of plan assets at the reporting period end* | 2024<br>£ | 2023<br>£ |
|---|---|---|
| Equity instruments | 3,455,000 | 3,122,000 |
| Property | 351,000 | 358,000 |
| Government bonds | 658,000 | 481,000 |
| Corporate bonds | 842,000 | 568,000 |
| Cash/other | 92,000 | 55,000 |
| | 5,398,000 | 4,584,000 |

## 21 Share capital

| **Ordinary share capital**<br>**Issued and fully paid** | 2024<br>Number | 2023<br>Number | 2024<br>£ | 2023<br>£ |
|---|---|---|---|---|
| Ordinary shares of £1 each | 2,806,000 | 2,806,000 | 2,806,000 | 2,806,000 |

## 22 Related party transactions

The company has taken advantage of the exemption permitted by section 33 of FRS 102 'Related Party Disclosure' and does not disclose transactions with other wholly owned entities within the group that are eliminated on consolidation. DP Griffiths and SP Williams are employed by the company's parent undertaking, Rhondda Cynon Taf County Borough Council. The company is charged for their roles as Company Directors as part of a management charge.

## 23 Capital contribution reserve

The capital contribution reserve of £1,246,021 (2023: £1,308,667) arose as a consequence of funding advanced by Rhondda Cynon Taf County Borough Council to acquire fixed assets. The capital contribution reserve will reverse over a period of 10 years in line with the release of the funding to revenue.

## 24 Ultimate controlling party

The company's ultimate parent undertaking and controlling party is Rhondda Cynon Taf County Borough Council, which is the parent undertaking of the smallest and largest group to consolidate these financial statements.

Copies of Rhondda Cynon Taf County Borough Council's consolidated financial statements can be obtained from their website (www.rctcbc.gov.uk) or upon request by writing to Final Accounts Team, Oldway House, Porth, Rhondda, CF39 9ST.

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