

Company registration number 12207525 (England and Wales)

**LANCASHIRE WASTE RECYCLING (HOLDINGS)
LIMITED**

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 28 FEBRUARY 2023

LANCASHIRE WASTE RECYCLING (HOLDINGS) LIMITED

COMPANY INFORMATION

Director Mr J P Entwisle

Company number 12207525

Registered office Rees House
Burn Hall Industrial Estate
Venture Road
Fleetwood
FY7 8RS

Auditor MHA Moore and Smalley
Richard House
9 Winckley Square
Preston
PR1 3HP

LANCASHIRE WASTE RECYCLING (HOLDINGS) LIMITED

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LANCASHIRE WASTE RECYCLING (HOLDINGS) LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 28 FEBRUARY 2023

The director presents the strategic report for the year ended 28 February 2023.

Strategy and Business Model

The group specialises in producing alternative fuels from waste that cannot be recycled. Our primary operation involves supplying a Solid Recovered Fuel (SRF) to three of the UK's cement kilns as a replacement to burning fossil fuels, which in turn reduces CO2 emissions.

Our objectives are to work with our customers to develop new types of alternative fuels to allow them to increase the amount they can use and thus reduce their demand for fossil fuels. Our current SRF contains approximately 45% biomass, which is something we are aiming to increase as the demand for this grows and the pressure to reduce CO2 emissions rises. A further objective is to explore the possibility of developing other alternative fuels, to generate electrical and thermal energy from small-scale gasification installations, including one that can be burnt in redundant coal-fired power stations to generate electricity using SRF in the form of pellets as fuel. We are working with our UK cement kiln customers to develop a main burner fuel for use in other parts of their system, which will be more refined than the SRF that we currently produce. Once developed, the demand for this will be considerable.

Review of the business

The turnover of the all the companies in the group for the full year of 2022-2023 has collectively increased slightly though there is a slight decrease in gross profit . Largely due to the delay in main off-takers increasing their demand for SRF due to various issues decreasing material in and increasing by product material and an increase in price for offtake material.

The group continued to invest in new equipment and technology to improve the quality of the final SRF material and reduce by product.

Lancashire Waste Management continue to support the transportation.

The demand for SRF in the UK is expected to continue as pressure to reduce fossil fuel consumption and reduce CO2 emissions is still prevalent though demand has decreased from knock on effects of a downturn in the building trade in the current economic climate.

Principal risks and uncertainties

The director has identified the following principal risks and uncertainties affecting the Group:

- The Groups main risk is that the majority of offtake material is sent to two cement kilns, therefore if they have any downtime for maintenance or repairs outlets to send SRF are limited. LWR and Envirofuel are in talks with other potential UK customers looking to supply them with a main burner type fuel, also a baled export option which will help mitigate this risk. As part of this, LWR and Envirofuel are continuing to develop other processes and alternative fuel options that will open up opportunities to supply other markets.
- Baling capacity is currently being implemented at site as contingency to bale and wrap to store or export in the quieter months when the kilns are not in production

Development and performance

The companies of the Group have continued to expand in this financial year. Demand for SRF in the UK has allowed all areas of the business to maintain its position. With a clear focus on the business' objectives and a consistent approach headed by the sole director, the Group is continuing to be successful.

Future Developments

Following the year end the group has continued to trade well. The group has invested more into all sites for continued improvement to the final material. The Group is currently operating efficiently through the increasing pressure from the current economic climate with increased energy and fuel and wages costs and a downturn in building trade and cement demand Despite this the Director is of the opinion that the Group will continue to maintain its trading position and grow. The Group companies will continue to grow with adequate profitability as demand for SRF and other alternative fuels continues to increase. All profits are reinvested back into the business to enable its continuing growth.

LANCASHIRE WASTE RECYCLING (HOLDINGS) LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 28 FEBRUARY 2023

Key Performance Indicators

The companies of the group monitor their performance using a number of measures, as follows:

Measure (in tonnes)	2023	2022
Amount of waste processed	218,225	211,083
Output of SRF (UK)	109,622	91,712
Output of SRF (Europe)	0	0
Output of by-products	100,366	97,459

On behalf of the board

Mr J P Entwisle
Director

29 November 2023

LANCASHIRE WASTE RECYCLING (HOLDINGS) LIMITED

DIRECTOR'S REPORT

FOR THE YEAR ENDED 28 FEBRUARY 2023

The director presents his annual report and financial statements for the year ended 28 February 2023.

Principal activities

The principal activity of the company and group is that of recycling and waste management.

Results and dividends

The results for the year are set out on page 8.

No ordinary dividends were paid.

Director

The director who held office during the year and up to the date of signature of the financial statements was as follows:

Mr J P Entwisle

Auditor

The auditor, MHA Moore and Smalley, is deemed to be reappointed under section 487(2) of the Companies Act 2006.

Strategic report

The group has chosen in accordance with Companies Act 2006, s. 414C(11) to set out in the group's strategic report information required by Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008, Sch. 7 to be contained in the directors' report. It has done so in respect of future developments.

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 auditor of the company 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 auditor of the company is aware of that information.

On behalf of the board

Mr J P Entwisle
Director

29 November 2023

LANCASHIRE WASTE RECYCLING (HOLDINGS) LIMITED

DIRECTOR'S RESPONSIBILITIES STATEMENT

FOR THE YEAR ENDED 28 FEBRUARY 2023

The director is responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the director to prepare financial statements for each financial year. Under that law the director has 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 director must not approve the financial statements unless he is satisfied that they give a true and fair view of the state of affairs of the group and company, and of the profit or loss of the group for that period. In preparing these financial statements, the director is required to:

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

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

LANCASHIRE WASTE RECYCLING (HOLDINGS) LIMITED

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF LANCASHIRE WASTE RECYCLING (HOLDINGS) LIMITED

Opinion

We have audited the financial statements of Lancashire Waste Recycling (Holdings) Limited (the 'parent company') and its subsidiaries (the 'group') for the year ended 28 February 2023 which comprise the group statement of comprehensive income, the group balance sheet, the company balance sheet, the group statement of changes in equity, the company statement of changes in equity, the group statement of cash flows and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the group's and the parent company's affairs as at 28 February 2023 and of the group's profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report. We are independent of the group and parent 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 director's 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 group's and parent 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 director 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 director is 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.

LANCASHIRE WASTE RECYCLING (HOLDINGS) LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF LANCASHIRE WASTE RECYCLING (HOLDINGS) LIMITED

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the strategic report and the director's report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the director's 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 group and the parent company and their environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the director's 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 by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of director

As explained more fully in the director's responsibilities statement, the director is 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 director determines 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 director is responsible for assessing the parent 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 director either intends to liquidate the parent company or to cease operations, or has 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.

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

- Enquiry of management around actual and potential litigation and claims.
- Reviewing financial statement disclosures and testing to supporting documentation to assess compliance with applicable laws and regulations, including ISO 9001, ISO 14001 and ISO 18001.
- Auditing the risk of management override of controls, including through testing journal entries and other adjustments for appropriateness, and evaluating the business rationale of significant transactions outside the normal course of business.
- Reviewing the risk of fraud in revenue.

Because of the field in which the client operates, we identified the following areas as those most likely to have a material impact on the financial statements:

Health & Safety; employment law; and EPR Compliance for the Environment Agency.

LANCASHIRE WASTE RECYCLING (HOLDINGS) LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF LANCASHIRE WASTE RECYCLING (HOLDINGS) LIMITED

Owing to the inherent limitations of an audit, there is an unavoidable risk that some material misstatements in the financial statements may not be detected, even though the audit is properly planned and performed in accordance with the ISAs (UK). For instance, the further removed non-compliance is from the events and transactions reflected in the financial statements, the less likely the auditor is to become aware of it or to recognize the non-compliance.

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.

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.

Virginia Cooper
Senior Statutory Auditor
For and on behalf of MHA Moore and Smalley
Chartered Accountants
Statutory Auditor

Richard House
9 Winckley Square
Preston
PR1 3HP

30 November 2023

LANCASHIRE WASTE RECYCLING (HOLDINGS) LIMITED

GROUP STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 28 FEBRUARY 2023

		2023	2022
	Notes	£	as restated £
Turnover	3	21,772,208	20,117,080
Cost of sales		(17,576,814)	(15,812,281)
Gross profit		4,195,394	4,304,799
Administrative expenses		(2,259,142)	(2,294,646)
Other operating income		21,871	181,990
Operating profit	4	1,958,123	2,192,143
Interest payable and similar expenses	7	(411,257)	(516,838)
Profit before taxation		1,546,866	1,675,305
Tax on profit	8	(366,824)	(395,385)
Profit for the financial year		1,180,042	1,279,920

Profit for the financial year is all attributable to the owner of the parent company.

Total comprehensive income for the year is all attributable to the owner of the parent company.

LANCASHIRE WASTE RECYCLING (HOLDINGS) LIMITED

GROUP BALANCE SHEET

AS AT 28 FEBRUARY 2023

		2023		2022	
	Notes	£	£	as restated £	£
Fixed assets					
Tangible assets	9		11,875,583		10,836,754
Current assets					
Stocks	12	55,300		121,300	
Debtors	13	7,766,270		5,160,179	
Cash at bank and in hand		105,659		87,920	
			7,927,229		5,369,399
Creditors: amounts falling due within one year	14	(8,314,658)		(6,811,957)	
Net current liabilities			(387,429)		(1,442,558)
Total assets less current liabilities			11,488,154		9,394,196
Creditors: amounts falling due after more than one year	15		(4,851,427)		(4,138,894)
Provisions for liabilities					
Deferred tax liability	18	1,143,132		941,749	
			(1,143,132)		(941,749)
Net assets			5,493,595		4,313,553
Capital and reserves					
Called up share capital	20		300		300
Profit and loss reserves			5,493,295		4,313,253
Total equity			5,493,595		4,313,553

The financial statements were approved and signed by the director and authorised for issue on 29 November 2023

Mr J P Entwisle
Director

Company registration number 12207525 (England and Wales)

LANCASHIRE WASTE RECYCLING (HOLDINGS) LIMITED**COMPANY BALANCE SHEET****AS AT 28 FEBRUARY 2023**

		2023		2022	
	Notes	£	£	as restated	£
				£	
Fixed assets					
Investments	10		400		300
Current assets		-		-	
Creditors: amounts falling due within one year	14	(100)		-	
Net current liabilities			(100)		-
Net assets			300		300
Capital and reserves					
Called up share capital	20		300		300

As permitted by s408 Companies Act 2006, the company has not presented its own profit and loss account and related notes. The company's profit for the year was £0 (2022 - £0 profit).

The financial statements were approved and signed by the director and authorised for issue on 29 November 2023

Mr J P Entwisle
Director

Company registration number 12207525 (England and Wales)

LANCASHIRE WASTE RECYCLING (HOLDINGS) LIMITED**GROUP STATEMENT OF CHANGES IN EQUITY****FOR THE YEAR ENDED 28 FEBRUARY 2023**

	Share capital	Profit and loss reserves	Total
	£	£	£
As restated for the period ended 28 February 2022:			
Balance at 1 March 2021	300	3,033,333	3,033,633
Year ended 28 February 2022:			
Profit and total comprehensive income	-	1,279,920	1,279,920
Balance at 28 February 2022	300	4,313,253	4,313,553
Year ended 28 February 2023:			
Profit and total comprehensive income	-	1,180,042	1,180,042
Balance at 28 February 2023	300	5,493,295	5,493,595

LANCASHIRE WASTE RECYCLING (HOLDINGS) LIMITED

COMPANY STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 28 FEBRUARY 2023

	Share capital
	£
As restated for the period ended 28 February 2022:	
Balance at 1 March 2021	300
	<hr/>
Year ended 28 February 2022:	
Profit and total comprehensive income for the year	-
	<hr/>
Balance at 28 February 2022	300
	<hr/>
Year ended 28 February 2023:	
Profit and total comprehensive income	-
	<hr/>
Balance at 28 February 2023	300
	<hr/> <hr/>

LANCASHIRE WASTE RECYCLING (HOLDINGS) LIMITED

GROUP STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 28 FEBRUARY 2023

		2023	2022
	Notes	£	as restated £
Cash flows from operating activities			
Cash generated from operations	24	2,120,257	2,583,684
Interest paid		(411,257)	(516,838)
Income taxes paid		-	(225,295)
Net cash inflow from operating activities		<u>1,709,000</u>	<u>1,841,551</u>
Investing activities			
Purchase of tangible fixed assets		(626,039)	(1,062,610)
Proceeds from disposal of tangible fixed assets		200,393	783,581
Net cash used in investing activities		<u>(425,646)</u>	<u>(279,029)</u>
Financing activities			
Proceeds from new bank loans		1,500,000	350,000
Repayment of bank loans		(1,065,394)	(285,262)
Payment of finance leases obligations		(1,700,221)	(1,906,886)
Net cash used in financing activities		<u>(1,265,615)</u>	<u>(1,842,148)</u>
Net increase/(decrease) in cash and cash equivalents		<u>17,739</u>	<u>(279,626)</u>
Cash and cash equivalents at beginning of year		87,920	367,546
Cash and cash equivalents at end of year		<u><u>105,659</u></u>	<u><u>87,920</u></u>

LANCASHIRE WASTE RECYCLING (HOLDINGS) LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS

FOR THE YEAR ENDED 28 FEBRUARY 2023

1 Accounting policies

Company information

Lancashire Waste Recycling (Holdings) Limited ("the company") is a private limited company domiciled and incorporated in England and Wales. The registered office is Rees House, Burn Hall Industrial Estate, Venture Road, Fleetwood, FY7 8RS.

The group consists of Lancashire Waste Recycling (Holdings) Limited and all of its subsidiaries.

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. The principal accounting policies adopted are set out below.

The 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 for parent company information presented within the consolidated financial statements:

- Section 4 'Statement of Financial Position': Reconciliation of the opening and closing number of shares;
- 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': Carrying amounts, interest income/expense and net gains/losses for each category of financial instrument; basis of determining fair values; details of collateral, loan defaults or breaches, details of hedges, hedging fair value changes recognised in profit or loss and in other comprehensive income;
- Section 26 'Share based Payment': Share-based payment expense charged to profit or loss, reconciliation of opening and closing number and weighted average exercise price of share options, how the fair value of options granted was measured, measurement and carrying amount of liabilities for cash-settled share-based payments, explanation of modifications to arrangements;
- Section 33 'Related Party Disclosures': Compensation for key management personnel.

LANCASHIRE WASTE RECYCLING (HOLDINGS) LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 28 FEBRUARY 2023

1 Accounting policies

(Continued)

1.2 Business combinations

In the parent company financial statements, the cost of a business combination is the fair value at the acquisition date of the assets given, equity instruments issued and liabilities incurred or assumed, plus costs directly attributable to the business combination. The excess of the cost of a business combination over the fair value of the identifiable assets, liabilities and contingent liabilities acquired is recognised as goodwill. The cost of the combination includes the estimated amount of contingent consideration that is probable and can be measured reliably, and is adjusted for changes in contingent consideration after the acquisition date. Provisional fair values recognised for business combinations in previous periods are adjusted retrospectively for final fair values determined in the 12 months following the acquisition date. Investments in subsidiaries, joint ventures and associates are accounted for at cost less impairment.

Deferred tax is recognised on differences between the value of assets (other than goodwill) and liabilities recognised in a business combination accounted for using the purchase method and the amounts that can be deducted or assessed for tax, considering the manner in which the carrying amount of the asset or liability is expected to be recovered or settled. The deferred tax recognised is adjusted against goodwill or negative goodwill.

1.3 Basis of consolidation

The consolidated group financial statements consist of the financial statements of the parent company Lancashire Waste Recycling (Holdings) Limited together with all entities controlled by the parent company (its subsidiaries) and the group's share of its interests in joint ventures and associates.

All financial statements are made up to 28 February 2023. Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by other members of the group.

All intra-group transactions, balances and unrealised gains on transactions between group companies are eliminated on consolidation. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

1.4 Going concern

The director has reviewed profit and loss and cashflow forecasts for a period of at least 12 months from the accounts signing date which demonstrates that the group and company can meet its debts as they fall due and will continue in operational existence for the foreseeable future.

Thus the director continues to adopt the going concern basis of accounting in preparing the financial statements. Thus the director continues to adopt the going concern basis of accounting in preparing the financial statements.

1.5 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, and is shown net of VAT and other sales related taxes. The fair value of consideration takes into account trade discounts, settlement discounts and volume rebates.

When cash inflows are deferred and represent a financing arrangement, the fair value of the consideration is the present value of the future receipts. The difference between the fair value of the consideration and the nominal amount received is recognised as interest income.

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer (usually on dispatch of the goods), the amount of revenue can be measured reliably, it is probable that the economic benefits associated with the transaction will flow to the entity and the costs incurred or to be incurred in respect of the transaction can be measured reliably.

LANCASHIRE WASTE RECYCLING (HOLDINGS) LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 28 FEBRUARY 2023

1 Accounting policies

(Continued)

1.6 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:

Freehold land and buildings	2% straight line/no depreciation
Leasehold land and buildings	2% straight line
Plant and equipment	20% reducing balance
Motor vehicles	25% reducing balance

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 recognised in the profit and loss account.

1.7 Fixed asset investments

Equity investments are measured at fair value through profit or loss, except for those equity investments that are not publicly traded and whose fair value cannot otherwise be measured reliably, which are recognised at cost less impairment until a reliable measure of fair value becomes available.

In the parent company financial statements, investments in subsidiaries are initially measured at cost and subsequently measured at cost less any accumulated impairment losses.

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

1.8 Impairment of fixed assets

At each reporting period end date, the group 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.

The carrying amount of the investments accounted for using the equity method is tested for impairment as a single asset. Any goodwill included in the carrying amount of the investment is not tested separately for impairment.

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.

LANCASHIRE WASTE RECYCLING (HOLDINGS) LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 28 FEBRUARY 2023

1 Accounting policies

(Continued)

1.9 Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the stocks to their present location and condition.

Stocks held for distribution at no or nominal consideration are measured at the lower of cost and replacement cost, adjusted where applicable for any loss of service potential.

At each reporting date, an assessment is made for impairment. Any excess of the carrying amount of stocks over its estimated selling price less costs to complete and sell is recognised as an impairment loss in profit or loss. Reversals of impairment losses are also recognised in profit or loss.

1.10 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.

1.11 Financial instruments

The group 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 group's balance sheet when the group becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset and 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

There are no other financial assets in the group.

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.

LANCASHIRE WASTE RECYCLING (HOLDINGS) LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 28 FEBRUARY 2023

1 Accounting policies

(Continued)

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 group 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

There are no other financial liabilities in the group.

Derecognition of financial liabilities

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

1.12 Equity instruments

Equity instruments issued by the group 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 group.

1.13 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 group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

LANCASHIRE WASTE RECYCLING (HOLDINGS) LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 28 FEBRUARY 2023

1 Accounting policies

(Continued)

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 if, and only if, there is 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.

1.14 Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

1.15 Retirement benefits

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

1.16 Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessees. All other leases are classified as operating leases.

Assets held under finance leases are recognised as assets at the lower of the assets fair value at the date of inception and the present value of the minimum lease payments. The related liability is included in the balance sheet as a finance lease obligation. Lease payments are treated as consisting of capital and interest elements. The interest is charged to profit or loss so as to produce a constant periodic rate of interest on the remaining balance of the liability.

1.17 Government grants

Government grants are recognised at the fair value of the asset received or receivable when there is reasonable assurance that the grant conditions will be met and the grants will be received.

A grant that specifies performance conditions is recognised in income when the performance conditions are met. Where a grant does not specify performance conditions it is recognised in income when the proceeds are received or receivable. A grant received before the recognition criteria are satisfied is recognised as a liability.

LANCASHIRE WASTE RECYCLING (HOLDINGS) LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 28 FEBRUARY 2023

1 Accounting policies

(Continued)

1.18 Foreign exchange

Transactions in currencies other than pounds sterling are recorded at the rates of exchange prevailing at the dates of the transactions. At each reporting end date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the reporting end date. Gains and losses arising on translation in the period are included in profit or loss.

2 Judgements and key sources of estimation uncertainty

In the application of the group's accounting policies, the director is 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.

Depreciation

In determining the appropriate depreciation rates for the group's assets, management reviews the operating policies of the business and makes judgements as to the applicable useful economic lives of the assets, considering residual values.

3 Turnover and other revenue

	2023	2022
	£	£
Turnover analysed by class of business		
Production of SRF from waste	21,534,745	19,874,755
Waste transport income	2,400	432
Energy production	235,063	143,333
Sale of spares	-	98,560
	<u>21,772,208</u>	<u>20,117,080</u>
	<u>2023</u>	<u>2022</u>
	£	£
Other revenue		
Grants received	21,871	181,990
	<u>21,871</u>	<u>181,990</u>

LANCASHIRE WASTE RECYCLING (HOLDINGS) LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 28 FEBRUARY 2023

4 Operating profit

	2023 £	2022 £
Operating profit for the year is stated after charging/(crediting):		
Government grants	(21,871)	(181,990)
Depreciation of owned tangible fixed assets	706,005	657,766
Depreciation of tangible fixed assets held under finance leases	808,682	846,038
Profit on disposal of tangible fixed assets	(93,912)	(113,906)
	<u> </u>	<u> </u>

5 Auditor's remuneration

	2023 £	2022 £
Fees payable to the company's auditor and associates:		
For audit services		
Audit of the financial statements of the group and company	2,800	2,500
Audit of the financial statements of the company's subsidiaries	20,200	14,500
	<u> </u>	<u> </u>
	23,000	17,000
	<u> </u>	<u> </u>

6 Employees

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

	Group 2023 Number	2022 Number	Company 2023 Number	2022 Number
Admin	8	9	-	-
Operatives	32	30	-	-
Drivers	17	19	-	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total	57	58	-	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

Their aggregate remuneration comprised:

	Group 2023 £	2022 £	Company 2023 £	2022 £
Wages and salaries	2,238,061	1,949,861	-	-
Social security costs	246,607	198,164	-	-
Pension costs	53,953	48,374	-	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
	2,538,621	2,196,399	-	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

LANCASHIRE WASTE RECYCLING (HOLDINGS) LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 28 FEBRUARY 2023

7 Interest payable and similar expenses

	2023	2022
	£	£
Interest on bank overdrafts and loans	129,024	157,963
Interest on finance leases and hire purchase contracts	282,233	358,299
Other interest	-	576
	<u>411,257</u>	<u>516,838</u>
Total finance costs	<u>411,257</u>	<u>516,838</u>

8 Taxation

	2023	2022
	£	£
Current tax		
UK corporation tax on profits for the current period	47,613	-
Adjustments in respect of prior periods	(576)	(19,107)
	<u>47,037</u>	<u>(19,107)</u>
Total current tax	<u>47,037</u>	<u>(19,107)</u>
Deferred tax		
Origination and reversal of timing differences	340,017	414,492
Adjustment in respect of prior periods	(20,230)	-
	<u>319,787</u>	<u>414,492</u>
Total deferred tax	<u>319,787</u>	<u>414,492</u>
	<u>366,824</u>	<u>395,385</u>
Total tax charge	<u>366,824</u>	<u>395,385</u>

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

	2023	2022
	£	£
Profit before taxation	<u>1,546,866</u>	<u>1,675,305</u>
Expected tax charge based on the standard rate of corporation tax in the UK of 19.00% (2022: 19.00%)	293,905	318,308
Tax effect of expenses that are not deductible in determining taxable profit	27,399	1,510
Tax effect of income not taxable in determining taxable profit	(15,278)	(96,110)
Adjustments in respect of prior years	(20,806)	(28,190)
Depreciation on assets not qualifying for tax allowances	-	17,846
Change in deferred tax rate	81,604	182,021
	<u>366,824</u>	<u>395,385</u>
Taxation charge	<u>366,824</u>	<u>395,385</u>

LANCASHIRE WASTE RECYCLING (HOLDINGS) LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 28 FEBRUARY 2023

9 Tangible fixed assets

Group	Freehold land and buildings	Leasehold land and buildings	Plant and equipment	Motor vehicles	Total
	£	£	£	£	£
Cost					
At 1 March 2022	3,782,623	1,459,549	10,962,551	655,071	16,859,794
Additions	-	177,956	2,442,090	39,951	2,659,997
Disposals	-	(5,033)	(181,401)	(46,625)	(233,059)
At 28 February 2023	3,782,623	1,632,472	13,223,240	648,397	19,286,732
Depreciation and impairment					
At 1 March 2022	552,669	73,818	4,846,864	549,689	6,023,040
Depreciation charged in the year	58,749	31,230	1,395,751	28,957	1,514,687
Eliminated in respect of disposals	-	(109)	(91,841)	(34,628)	(126,578)
At 28 February 2023	611,418	104,939	6,150,774	544,018	7,411,149
Carrying amount					
At 28 February 2023	3,171,205	1,527,533	7,072,466	104,379	11,875,583
At 28 February 2022	3,229,954	1,385,731	6,115,687	105,382	10,836,754

The company had no tangible fixed assets at 28 February 2023 or 28 February 2022.

The net carrying value of tangible fixed assets includes the following in respect of assets held under finance leases or hire purchase contracts.

	Group 2023 £	2022 £	Company 2023 £	2022 £
Plant and equipment	4,671,504	4,158,390	-	-

10 Fixed asset investments

	Notes	Group 2023 £	2022 £	Company 2023 £	2022 £
Investments in subsidiaries	11	-	-	400	300

LANCASHIRE WASTE RECYCLING (HOLDINGS) LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 28 FEBRUARY 2023

10 Fixed asset investments

(Continued)

Movements in fixed asset investments Company

Shares in
subsidiaries
£

Cost or valuation

At 1 March 2022

300

Additions

100

At 28 February 2023

400

Carrying amount

At 28 February 2023

400

At 28 February 2022

300

11 Subsidiaries

Details of the company's subsidiaries at 28 February 2023 are as follows:

Name of undertaking	Registered office	Class of shares held	% Held	
			Direct	Indirect
Lancashire Waste Recycling Limited	Rees House, Burn Hall Industrial Estate, Venture Road, Fleetwood, Lancs, FY7 8RS	Ordinary	100.00	-
Envirofuel (SRF) Limited	Rees House, Burn Hall Industrial Estate, Venture Road, Fleetwood, Lancs, FY7 8RS	Ordinary	-	100.00
Lancashire Waste Management Limited	Rees House, Burn Hall Industrial Estate, Venture Road, Fleetwood, Lancs, FY7 8RS	Ordinary	100.00	-
Renergy (North West) Limited	Aberdeen Cottage, Tongues Lane, Preesall, Poulton-Le-Fylde, Lancs, FY6 0HL	Ordinary	100.00	-
E I GAS Burnley Ltd	Rees House, Burn Hall Industrial Estate, Venture Road, Fleetwood, Lancs, FY7 8RS	Ordinary	100.00	-

Each of the above subsidiaries have been included within the consolidation.

12 Stocks

	Group 2023 £	2022 £	Company 2023 £	2022 £
Raw materials and consumables	55,300	121,300	-	-

LANCASHIRE WASTE RECYCLING (HOLDINGS) LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 28 FEBRUARY 2023

13 Debtors

	Group 2023 £	2022 £	Company 2023 £	2022 £
Amounts falling due within one year:				
Trade debtors	4,082,631	2,767,584	-	-
Corporation tax recoverable	2,697	2,697	-	-
Other debtors	3,497,798	2,126,500	-	-
Prepayments and accrued income	118,225	80,075	-	-
	<u>7,701,351</u>	<u>4,976,856</u>	<u>-</u>	<u>-</u>
Deferred tax asset (note 18)	107	129,426	-	-
	<u>7,701,458</u>	<u>5,106,282</u>	<u>-</u>	<u>-</u>
Amounts falling due after more than one year:				
Deferred tax asset (note 18)	64,812	53,897	-	-
	<u>64,812</u>	<u>53,897</u>	<u>-</u>	<u>-</u>
Total debtors	<u>7,766,270</u>	<u>5,160,179</u>	<u>-</u>	<u>-</u>

14 Creditors: amounts falling due within one year

		Group 2023 £	2022 £	Company 2023 £	2022 £
	Notes				
Bank loans	16	1,470,222	2,122,202	-	-
Obligations under finance leases	17	1,827,371	1,208,414	-	-
Trade creditors		3,276,662	2,422,341	-	-
Corporation tax payable		47,613	576	-	-
Other taxation and social security		317,417	312,064	-	-
Other creditors		648,019	45,269	100	-
Accruals and deferred income		727,354	701,091	-	-
		<u>8,314,658</u>	<u>6,811,957</u>	<u>100</u>	<u>-</u>

Included within bank loans in the prior year is a loan of £1,228,756 that was due to be repaid in less than 12 months. This bank loan was repaid during the current financial year and replaced with a loan for £1,500,000. The new loan has interest chargeable at 2.75% over base rate and the will be paid by regular monthly instalments for a period of 15 years.

LANCASHIRE WASTE RECYCLING (HOLDINGS) LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 28 FEBRUARY 2023

15 Creditors: amounts falling due after more than one year

	Notes	Group 2023 £	2022 £	Company 2023 £	2022 £
Bank loans and overdrafts	16	1,633,708	547,122	-	-
Obligations under finance leases	17	1,705,306	1,990,526	-	-
Other creditors		1,512,413	1,601,246	-	-
		<u>4,851,427</u>	<u>4,138,894</u>	<u>-</u>	<u>-</u>

Amounts included above which fall due after five years are as follows:

Payable by instalments	1,051,951	-	-	-
	<u>1,051,951</u>	<u>-</u>	<u>-</u>	<u>-</u>

16 Loans and overdrafts

	Group 2023 £	2022 £	Company 2023 £	2022 £
Bank loans	3,103,930	2,669,324	-	-
	<u>3,103,930</u>	<u>2,669,324</u>	<u>-</u>	<u>-</u>
Payable within one year	1,470,222	2,122,202	-	-
Payable after one year	1,633,708	547,122	-	-
	<u>3,103,930</u>	<u>3,198,940</u>	<u>-</u>	<u>-</u>

The long-term loans are secured by fixed and floating charges over the assets of the group. One of the bank loans of the group is further secured by a personal guarantee from the director up to the sum of £480,000. Hire purchases within the group are secured against the assets to which they relate.

17 Finance lease obligations

	Group 2023 £	2022 £	Company 2023 £	2022 £
Future minimum lease payments due under finance leases:				
Within one year	1,827,371	1,208,414	-	-
In two to five years	1,705,306	1,990,526	-	-
	<u>3,532,677</u>	<u>3,198,940</u>	<u>-</u>	<u>-</u>

Finance lease payments represent rentals payable by the company or group for certain items of plant and machinery. Leases include purchase options at the end of the lease period, and no restrictions are placed on the use of the assets. The average lease term is 4 years. All leases are on a fixed repayment basis and no arrangements have been entered into for contingent rental payments.

LANCASHIRE WASTE RECYCLING (HOLDINGS) LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 28 FEBRUARY 2023

18 Deferred taxation

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

	Liabilities 2023 £	Liabilities 2022 £	Assets 2023 £	Assets 2022 £
Group				
Accelerated capital allowances	1,143,132	941,525	-	-
Tax losses	-	-	64,814	183,323
Retirement benefit obligations	-	224	105	-
	<u>1,143,132</u>	<u>941,749</u>	<u>64,919</u>	<u>183,323</u>

The company has no deferred tax assets or liabilities.

	Group 2023 £	Company 2023 £
Movements in the year:		
Liability at 1 March 2022	758,426	-
Charge to profit or loss	319,787	-
Liability at 28 February 2023	<u>1,078,213</u>	<u>-</u>

The deferred tax asset set out above relates to the utilisation of tax losses against future expected profits of the same period. The deferred tax asset is expected to reverse within 12 months.

The deferred tax liability set out above is expected to reverse within 12 months.

19 Retirement benefit schemes

	2023 £	2022 £
Defined contribution schemes		
Charge to profit or loss in respect of defined contribution schemes	<u>53,953</u>	<u>48,374</u>

A defined contribution pension scheme is operated for all qualifying employees. The assets of the scheme are held separately from those of the group in an independently administered fund.

20 Share capital

Group and company	2023 Number	2022 Number	2023 £	2022 £
Ordinary share capital				
Issued and fully paid				
Ordinary shares of £1 each	<u>300</u>	<u>300</u>	<u>300</u>	<u>300</u>

LANCASHIRE WASTE RECYCLING (HOLDINGS) LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 28 FEBRUARY 2023

21 Acquisition of a business

On 18 January 2023 the group acquired 100 percent of the issued capital of ETGAS Burnley Ltd.

	Book Value	Adjustments	Fair Value
	£	£	£
Net assets acquired			
Trade and other receivables	100	-	100
	<u> </u>	<u> </u>	
Goodwill			-
			<u> </u>
Total consideration			100
			<u> </u>
The consideration was satisfied by:			£
Deferred consideration			100
			<u> </u>
Contribution by the acquired business for the reporting period included in the group statement of comprehensive income since acquisition:			£
Turnover			-
Profit after tax			-
			<u> </u>

22 Operating lease commitments

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

	Group 2023	2022	Company 2023	2022
	£	£	£	£
Within one year	252,000	92,015	-	-
Between two and five years	546,000	-	-	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
	798,000	92,015	-	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

LANCASHIRE WASTE RECYCLING (HOLDINGS) LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 28 FEBRUARY 2023

23 Related party transactions

Transactions with related parties

During the year the group entered into the following transactions with related parties:

	Purchases 2023 £	Purchases 2022 £
Group		
Other related parties	72,455	205,682

The following amounts were outstanding at the reporting end date:

Amounts due to related parties	2023 £	2022 £
Group		
Directors	796,381	885,214
Other related parties	1,557,111	1,469,956

The following amounts were outstanding at the reporting end date:

Amounts due from related parties	2023 Balance £	2022 Balance £
Group		
Other related parties	19,600	19,600

24 Cash generated from group operations

	2023 £	2022 £
Profit for the year after tax	1,180,042	1,279,920
Adjustments for:		
Taxation charged	366,824	395,385
Finance costs	411,257	516,838
Gain on disposal of tangible fixed assets	(93,912)	(113,906)
Depreciation and impairment of tangible fixed assets	1,514,687	1,503,804
Movements in working capital:		
Decrease/(increase) in stocks	66,000	(78,191)
Increase in debtors	(2,124,495)	(925,307)
Increase in creditors	799,854	5,141
Cash generated from operations	2,120,257	2,583,684

LANCASHIRE WASTE RECYCLING (HOLDINGS) LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 28 FEBRUARY 2023

25 Analysis of changes in net debt - group

	1 March 2022	Cash flows	New finance leases	28 February 2023
	£	£	£	£
Cash at bank and in hand	87,920	17,739	-	105,659
Borrowings excluding overdrafts	(2,669,324)	(434,606)	-	(3,103,930)
Obligations under finance leases	(3,198,940)	1,700,221	(2,033,958)	(3,532,677)
	<u>(5,780,344)</u>	<u>1,283,354</u>	<u>(2,033,958)</u>	<u>(6,530,948)</u>

26 Prior period adjustment

Reconciliation of changes in equity - group

	Notes	1 March 2021	28 February 2022
		£	£
Adjustments to prior year			
Over accrued costs	1	-	62,000
Equity as previously reported		3,033,633	4,251,553
Equity as adjusted		<u>3,033,633</u>	<u>4,313,553</u>
Analysis of the effect upon equity			
Profit and loss reserves		-	62,000

Reconciliation of changes in profit for the previous financial period

	Notes	2022
		£
Adjustments to prior year		
Over accrued costs	1	62,000
Profit as previously reported		1,217,920
Profit as adjusted		<u>1,279,920</u>

Reconciliation of changes in equity - company

The prior period adjustments do not give rise to any effect upon equity.

Reconciliation of changes in profit for the previous financial period

	2022
	£
Adjustments to prior year	
Total adjustments	-
Profit as previously reported	-
Profit as adjusted	<u>-</u>

LANCASHIRE WASTE RECYCLING (HOLDINGS) LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 28 FEBRUARY 2023

26 Prior period adjustment

(Continued)

Notes to reconciliation

Over accrued costs

In the prior year the group was expecting to receive purchase invoices for management charges from a related party with a director in common. During the current year it was decided by the directors of the related party that the management charge would not be invoiced and therefore the accrual should not have been in place last year. For this reason a prior year adjustment has been made to remove these costs.

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.