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Company Registration No. 04170234 (England and Wales)

F & R CAWLEY LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2017



F & R CAWLEY LIMITED

COMPANY INFORMATION

Directors	J Cawley B Cawley A T Goodman S Platt S E Kimbell P J Gudgeon A L Pegg	(Appointed 1 June 2017) (Appointed 1 October 2017)
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Secretary	S Platt
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Company number	04170234
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Registered office	1 Covent Garden Close Luton Bedfordshire LU4 8QB
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Auditor	Mercer & Hole Silbury Court 420 Silbury Boulevard Central Milton Keynes Buckinghamshire MK9 2AF
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Bankers	Santander UK plc Santander House AHMG83 201 Grafton Gate East Milton Keynes MK9 1AN
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Solicitors	Taylor Walton 28-44 Alma Street Luton Bedfordshire LU1 2PL
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F & R CAWLEY LIMITED

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F & R CAWLEY LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 30 SEPTEMBER 2017

The directors present the strategic report for the year ended 30 September 2017.

Fair review of the business

The board is pleased to announce that the results for the twelve months to 30 September 2017 saw another year of growth. Revenues increased by 1% to £32.3m (2016 : £31.9m), Gross Profit increased by 1% to £5.3m (2016 : £5.2m), EBITDA increased by 11% to £2.4m (2015 : £2.2m) and pre-tax profits remained stable at £0.7m.

We continue to invest in new vehicles and plant. All of our all compaction vehicles now have pay-by-weight technology, giving our customers the best value-for-money to complement our ongoing commitment to provide the highest possible levels of customer service. New cloud-based operational and financial systems enable us to better understand the needs of both the business and its customer base.

Cash flow continues to perform in line with our expectations, enabling the Company to service its debt well within agreed limits as well as funding further investment of £1.1m of capital expenditure, with an additional £0.9m being spent via asset finance facilities.

Principal risks and uncertainties and matters of strategic importance

The company has monthly board meetings and weekly management meetings which enables them to promptly address any risks and uncertainties that arise. The board reviews and minutes the principal risks and these are included, where deemed necessary, in future financial forecasts so that the potential financial impact can be assessed.

Foreign currency risk: The company has identified that it has some exposure to foreign currency fluctuations in instances where their suppliers invoice the company in sterling, but where the associated cost to the supplier is in a foreign currency (principally Euros). In instances such as these, contract pricing is renegotiated with the supplier to mitigate any long-term exposure to such risks.

Accounting controls: The company produces monthly management accounts to strict deadlines and forecasts its cash requirements for several months in advance based on these figures and alongside current information on revenue growth/decline, market indications on the pricing of recyclable materials and other costs related data. Full year projections of revenue and profits are regularly produced to enable the board to make timely, relevant decisions.

Information technology: Information technology is at the heart of pretty much everything that the company does and its information technology platform, backup procedures and disaster recovery plans are regularly reviewed and updated as required. During the year, the company introduced new operational and financial systems, the former bringing immediate accretive earnings and the latter far better visibility of company performance for senior management.

Credit risk: The company seeks to limit any credit risk by credit checking each new customer before any orders are taken and setting credit limits based on their expected ability to repay to agreed terms.

Existing customer limits are reviewed at least annually, or on the receipt or knowledge of new information. Regular meetings are held between the finance and operational teams to resolve any payment issues that may arise and Days Sales Outstanding are reviewed and discussed at board meetings. The directors are content that the existing policies continue to work well, whilst at the same time accepting that a certain level of bad debt is expected, which it strives to minimise at all times.

F & R CAWLEY LIMITED

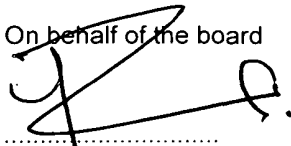
STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2017

Future developments

The company will continue to invest in its staff, which it sees as its most valuable asset. In November 2017 the company attained silver status in the Investors In People accreditation. We continue to make substantial investments in the upgrade of the company's fleet, in its quest to deliver industry-leading customer service and value-for-money to all of its valued customers. The board would like to thank all of its staff for their continued dedication and hard work over the past twelve months.

On behalf of the board



J Cawley
Chairman

28 June 2018

F & R CAWLEY LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 30 SEPTEMBER 2017

The directors present their annual report and financial statements for the year ended 30 September 2017.

Principal activities

The principal activity of the company during the year continued to be that of recycling and waste management from its facilities in Luton, Milton Keynes and Wellingborough.

Directors

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

J Cawley

B Cawley

A T Goodman

S Platt

S E Kimbell

P J Gudgeon

(Appointed 1 June 2017)

A L Pegg

(Appointed 1 October 2017)

Results and dividends

The results for the year are set out on page 7.

Interim ordinary dividends totalling £185,560 (2016: £185,560) were paid during the year. The directors do not recommend payment of a final dividend.

Auditor

The auditor, Mercer & Hole, is deemed to be reappointed under section 487(2) of the Companies Act 2006.

Statement of directors' responsibilities

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.

F & R CAWLEY LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2017

Statement of disclosure to auditor

So far as the directors are aware, there is no relevant audit information of which the company's auditor are unaware. Additionally, the directors 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 auditors are aware of that information.

By order of the board



S Platt

Secretary

28 Jun 2018

F & R CAWLEY LIMITED

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF F & R CAWLEY LIMITED

Opinion

We have audited the financial statements of F & R Cawley Limited (the 'company') for the year ended 30 September 2017 set out on pages 7 to 23. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 30 September 2017 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

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

Other information

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

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

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

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

F & R CAWLEY LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED) TO THE MEMBERS OF F & R CAWLEY LIMITED

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 and the Directors' Report.

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

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

Responsibilities of directors

As explained more fully in the Directors' Responsibilities Statement set out on pages 3 - 4, 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 for the audit of the financial statements is located on the Financial Reporting Council's website at: <http://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's 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.



Steve Robinson FCA (Senior Statutory Auditor)
for and on behalf of Mercer & Hole

29 June 2012

**Chartered Accountants
Statutory Auditor**

Silbury Court
420 Silbury Boulevard
Central Milton Keynes
Buckinghamshire
MK9 2AF

F & R CAWLEY LIMITED

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 SEPTEMBER 2017

	Notes	2017 £	2016 £
Turnover	3	32,281,073	31,937,888
Cost of sales		(26,947,154)	(26,651,746)
Gross profit		5,333,919	5,286,142
Administrative expenses		(4,422,986)	(4,413,372)
Operating profit	4	910,933	872,770
Interest payable and similar expenses	7	(247,715)	(216,215)
Profit before taxation		663,218	656,555
Tax on profit	8	(154,238)	(169,254)
Profit for the financial year		508,980	487,301

The Profit And Loss Account has been prepared on the basis that all operations are continuing operations.

F & R CAWLEY LIMITED

BALANCE SHEET

AS AT 30 SEPTEMBER 2017

	Notes	2017 £	£	2016 £	£
Fixed assets					
Tangible assets	10		9,607,703		9,106,305
Current assets					
Stocks	12	72,551		81,414	
Debtors	13	6,534,806		6,206,117	
Cash at bank and in hand		1,384,650		2,407,998	
		<u>7,992,007</u>		<u>8,695,529</u>	
Creditors: amounts falling due within one year	14	<u>(9,128,700)</u>		<u>(9,709,570)</u>	
Net current liabilities			<u>(1,136,693)</u>		<u>(1,014,041)</u>
Total assets less current liabilities			8,471,010		8,092,264
Creditors: amounts falling due after more than one year	15		(2,891,842)		(2,826,909)
Provisions for liabilities	18		<u>(78,856)</u>		<u>(88,463)</u>
Net assets			<u>5,500,312</u>		<u>5,176,892</u>
Capital and reserves					
Called up share capital	21		1,991		1,991
Profit and loss reserves			<u>5,498,321</u>		<u>5,174,901</u>
Total equity			<u>5,500,312</u>		<u>5,176,892</u>

The financial statements were approved by the board of directors and authorised for issue on 28 June 2018 and are signed on its behalf by:


J Cawley
Director

Company Registration No. 04170234

F & R CAWLEY LIMITED

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 SEPTEMBER 2017

	Notes	Share capital £	Profit and loss reserves £	Total £
Balance at 1 October 2015		1,991	4,873,160	4,875,151
Year ended 30 September 2016:				
Profit and total comprehensive income for the year		-	487,301	487,301
Dividends	9	-	(185,560)	(185,560)
Balance at 30 September 2016		1,991	5,174,901	5,176,892
Year ended 30 September 2017:				
Profit and total comprehensive income for the year		-	508,980	508,980
Dividends	9	-	(185,560)	(185,560)
Balance at 30 September 2017		1,991	5,498,321	5,500,312

F & R CAWLEY LIMITED

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 SEPTEMBER 2017

	Notes	2017 £	£	2016 £	£
Cash flows from operating activities					
Cash generated from operations	26	1,246,636		3,365,639	
Interest paid		(247,715)		(216,215)	
Income taxes paid		(102,380)		-	
Net cash inflow from operating activities		896,541		3,149,424	
Investing activities					
Purchase of tangible fixed assets		(1,118,077)		(1,180,811)	
Proceeds on disposal of tangible fixed assets		24,000		53,836	
Net cash used in investing activities		(1,094,077)		(1,126,975)	
Financing activities					
Repayment of bank loans		(146,331)		(140,479)	
Payment of finance leases obligations		(493,921)		(359,250)	
Dividends paid		(185,560)		(185,560)	
Net cash used in financing activities		(825,812)		(685,289)	
Net (decrease)/increase in cash and cash equivalents		(1,023,348)		1,337,160	
Cash and cash equivalents at beginning of year		2,407,998		1,070,838	
Cash and cash equivalents at end of year		1,384,650		2,407,998	

F & R CAWLEY LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2017

1 Accounting policies

Company information

F & R Cawley Limited is a private company limited by shares incorporated in England and Wales. The registered office is 1 Covent Garden Close, Luton, Bedfordshire, LU4 8QB.

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.

1.2 Going concern

The financial statements have been prepared on a going concern basis. At the year end the bank had agreed to extend the repayment of its term loan to October 2018 and the directors are currently in the process of agreeing new terms in respect of this facility for a further 5 years which the bank have agreed in principle. Based on this the directors have reviewed trading and cash flow forecasts of the company to 30 June 2019 and concluded that it can meet its liabilities as they fall due for the foreseeable future.

1.3 Turnover

Revenue is recognised to the extent that the company obtains the right to consideration in exchange for its performance. Revenue is measured at the fair value of the consideration received, excluding value added tax.

Revenue in respect of recycling and waste management is recognised as the services are provided. Revenue in respect of merchanting is recognised when the goods are delivered to the customer.

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:

Freehold buildings	2.5% to 4% per annum on cost
Leasehold land and buildings	Equal instalments over the lease period
Plant and machinery	Between 3 and 20 years
Motor vehicles	Between 4 and 7 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.

1.5 Impairment of fixed assets

At each reporting period end date, the company reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

F & R CAWLEY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 SEPTEMBER 2017

1 Accounting policies

(Continued)

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.

1.6 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.

1.7 Cash and cash equivalents

Cash at bank and in hand 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.

F & R CAWLEY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 SEPTEMBER 2017

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 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.

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 direct issue costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the company.

F & R CAWLEY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 SEPTEMBER 2017

1 Accounting policies

(Continued)

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 Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense.

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.

1.12 Retirement benefits

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

1.13 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 the profit and loss account so as to produce a constant periodic rate of interest on the remaining balance of the liability.

Rentals payable under operating leases, including any lease incentives received, are charged to income on a straight line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the lease asset are consumed.

F & R CAWLEY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 SEPTEMBER 2017

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.

3 Turnover and other revenue

An analysis of the company's turnover is as follows:

	2017 £	2016 £
Turnover analysed by class of business		
Recycling and waste management	32,281,073	31,937,888

	2017 £	2016 £
Turnover analysed by geographical market		
United Kingdom	32,281,073	31,937,888

4 Operating profit

	2017 £	2016 £
Operating profit for the year is stated after charging/(crediting):		
Fees payable to the company's auditor for the audit of the company's financial statements	20,000	20,000
Depreciation of owned tangible fixed assets	815,776	702,370
Depreciation of tangible fixed assets held under finance leases	682,464	604,594
Profit on disposal of tangible fixed assets	(2,258)	(18,166)

5 Employees

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

	2017 Number	2016 Number
Administration	46	45
Direct	169	161
	215	206

F & R CAWLEY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 SEPTEMBER 2017

5 Employees (Continued)

Their aggregate remuneration comprised:

	2017 £	2016 £
Wages and salaries	6,893,781	6,644,235
Social security costs	611,043	650,778
Pension costs	95,446	122,089
	<u>7,600,270</u>	<u>7,417,102</u>

6 Directors' remuneration

	2017 £	2016 £
Remuneration for qualifying services	622,655	513,443
Company pension contributions to defined contribution schemes	29,974	26,320
	<u>652,629</u>	<u>539,763</u>

The number of directors for whom retirement benefits are accruing under defined contribution schemes amounted to 3 (2016 - 2).

Remuneration disclosed above include the following amounts paid to the highest paid director:

	2017 £	2016 £
Remuneration for qualifying services	<u>231,969</u>	<u>193,763</u>

7 Interest payable and similar expenses

	2017 £	2016 £
Interest on financial liabilities measured at amortised cost:		
Interest on bank overdrafts and loans	111,093	104,804
Interest on finance leases and hire purchase contracts	68,810	48,015
Other interest on financial liabilities	67,799	61,615
	<u>247,702</u>	<u>214,434</u>
Other finance costs:		
Other interest	13	1,781
	<u>247,715</u>	<u>216,215</u>

F & R CAWLEY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 SEPTEMBER 2017

8 Taxation

	2017 £	2016 £
Current tax		
UK corporation tax on profits for the current period	163,845	126,792
Deferred tax		
Origination and reversal of timing differences	(9,607)	42,462
Total tax charge	154,238	169,254

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:

	2017 £	2016 £
Profit before taxation	663,218	656,555
Expected tax charge based on the standard rate of corporation tax in the UK of 19.50% (2016: 20.00%)	129,328	131,311
Tax effect of expenses that are not deductible in determining taxable profit	6,764	33,836
Effect of change in corporation tax rate	1,412	(13,056)
Depreciation on assets not qualifying for tax allowances	16,734	17,163
Taxation for the year	154,238	169,254

9 Dividends

	2017 £	2016 £
Preference final	24	24
Ordinary Interim paid	185,536	185,536
	185,560	185,560

F & R CAWLEY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 SEPTEMBER 2017

10 Tangible fixed assets

	Freehold buildings	Leasehold land and buildings	Plant and machinery	Motor vehicles	Total
	£	£	£	£	£
Cost					
At 1 October 2016	5,235,062	156,789	14,848,074	5,844,700	26,084,625
Additions	-	-	1,233,323	788,057	2,021,380
Disposals	-	-	-	(243,205)	(243,205)
At 30 September 2017	5,235,062	156,789	16,081,397	6,389,552	27,862,800
Depreciation and impairment					
At 1 October 2016	960,766	145,438	11,458,326	4,413,790	16,978,320
Depreciation charged in the year	78,189	7,628	966,522	445,901	1,498,240
Eliminated in respect of disposals	-	-	-	(221,463)	(221,463)
At 30 September 2017	1,038,955	153,066	12,424,848	4,638,228	18,255,097
Carrying amount					
At 30 September 2017	4,196,107	3,723	3,656,549	1,751,324	9,607,703
At 30 September 2016	4,274,296	11,351	3,389,748	1,430,910	9,106,305

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

	2017 £	2016 £
Plant and machinery	1,771,710	1,711,900
Motor vehicles	1,424,777	1,007,742
	<u>3,196,487</u>	<u>2,719,642</u>
Depreciation charge for the year in respect of leased assets	<u>682,464</u>	<u>604,594</u>

Land and buildings include freehold land of £2,199,500 (2015: £2,199,500) which is not depreciated.

11 Financial instruments

	2017 £	2016 £
Carrying amount of financial assets		
Debt instruments measured at amortised cost	<u>5,896,027</u>	<u>5,614,537</u>
Carrying amount of financial liabilities		
Measured at amortised cost	<u>10,480,493</u>	<u>10,811,665</u>

F & R CAWLEY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 SEPTEMBER 2017

12 Stocks

	2017 £	2016 £
Raw materials and consumables	72,551	81,414

13 Debtors

Amounts falling due within one year:	2017 £	2016 £
Trade debtors	5,056,056	4,931,650
Corporation tax recoverable	-	24,412
Other debtors	839,971	682,887
Prepayments and accrued income	638,779	567,168
	6,534,806	6,206,117

14 Creditors: amounts falling due within one year

	Notes	2017 £	2016 £
Bank loans and overdrafts	16	152,122	146,331
Obligations under finance leases	17	575,505	383,178
Trade creditors		4,776,895	5,168,022
Corporation tax		163,845	126,792
Other taxation and social security		756,781	693,188
Other creditors		2,084,529	2,287,625
Accruals and deferred income		619,023	904,434
		9,128,700	9,709,570

Included within other creditors is an amount of £1,808,248 (2016: £1,980,136) in respect of an invoice discounting facility which is secured on the trade debtors.

15 Creditors: amounts falling due after more than one year

	Notes	2017 £	2016 £
Bank loans and overdrafts	16	1,895,396	2,047,518
Obligations under finance leases	17	996,046	778,991
Preference shares	16	400	400
		2,891,842	2,826,909

F & R CAWLEY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 SEPTEMBER 2017

16 Loans and overdrafts

	2017 £	2016 £
Bank loans	2,047,518	2,193,849
Preference shares	400	400
	<u>2,047,918</u>	<u>2,194,249</u>
Payable within one year	152,122	146,331
Payable after one year	<u>1,895,796</u>	<u>2,047,918</u>

The bank loan is secured on the freehold land and buildings and by a fixed and floating charge over the company's other assets.

The bank loan bears interest at 3.9% and is repayable in quarterly instalments of £57,442.

17 Finance lease obligations

	2017 £	2016 £
Future minimum lease payments due under finance leases:		
Within one year	575,505	383,178
In two to five years	996,046	778,991
	<u>1,571,551</u>	<u>1,162,169</u>

Finance lease payments represent rentals payable by the company 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 3 - 5 years. All leases are on a fixed repayment basis and no arrangements have been entered into for contingent rental payments.

18 Provisions for liabilities

	Notes	2017 £	2016 £
Deferred tax liabilities	19	<u>78,856</u>	<u>88,463</u>

19 Deferred taxation

Deferred tax assets and liabilities are offset where the company has a legally enforceable right to do so. The following is the analysis of the deferred tax balances (after offset) for financial reporting purposes:

	Liabilities 2017 £	Liabilities 2016 £
Balances:		
Accelerated capital allowances	<u>78,856</u>	<u>88,463</u>

F & R CAWLEY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 SEPTEMBER 2017

19	Deferred taxation	(Continued)
		2017 £
	Movements in the year:	
	Liability at 1 October 2016	88,463
	Credit to profit or loss	(9,607)
	Liability at 30 September 2017	<u>78,856</u>

The deferred tax liability set out above is expected to reverse within 36 months and relates to accelerated capital allowances that are expected to set against future expected profits.

20	Retirement benefit schemes	2017 £	2016 £
	Defined contribution schemes		
	Charge to profit or loss in respect of defined contribution schemes	<u>95,446</u>	<u>122,089</u>

The company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension cost charge represents contributions payable by the company to the fund. Contributions totalling £10,256 (2016: £10,459) were payable to the fund at the year end and are included in creditors.

21	Share capital	2017 £	2016 £
	Issued and fully paid		
	1,886 Ordinary shares of £1 each	1,886	1,886
	105 Ordinary A shares of £1 each	<u>105</u>	<u>105</u>
		<u>1,991</u>	<u>1,991</u>

The company has also issued 400 6% preference shares of £1 each which are treated as debt and included within creditors due in more than one year.

During the year the company granted share options over 598 B ordinary shares of £1 to certain of its employees. The options can only be exercised on the sale of the company and no material share based payment charge arises in the current year. The B ordinary shares are only entitled to dividends after the sale of the company and are only entitled to a return on capital if the target assets are achieved.

F & R CAWLEY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 SEPTEMBER 2017

22 Operating lease commitments

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

	2017 £	2016 £
Within one year	1,342,898	1,203,365
Between two and five years	2,259,105	2,231,357
	<u>3,602,003</u>	<u>3,434,722</u>

23 Related party transactions

Remuneration of key management personnel

The remuneration of key management personnel is as follows.

	2017 £	2016 £
Aggregate compensation	<u>652,629</u>	<u>539,763</u>

Transactions with related parties

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

	Sale of goods		Purchase of goods	
	2017 £	2016 £	2017 £	2016 £
Key management personnel	-	-	38,688	29,364
Other related parties	1,607,784	1,861,762	403,655	33,362
	<u>1,607,784</u>	<u>1,861,762</u>	<u>442,343</u>	<u>62,726</u>

The following amounts were outstanding at the reporting end date:

	2017 £	2016 £
Amounts owed to related parties		
Key management personnel	-	3,079
Other related parties	134,598	126,765
	<u>134,598</u>	<u>129,844</u>

F & R CAWLEY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 SEPTEMBER 2017

23 Related party transactions (Continued)

The following amounts were outstanding at the reporting end date:

	2016 £	2015 £
Amounts owed by related parties		
Other related parties	839,971	647,711

24 Directors' transactions

Dividends totalling £185,560 (2016 - £185,560) were paid in the year in respect of shares held by the company's directors.

25 Controlling party

The ultimate controlling party is Mr. J Cawley by virtue of his majority shareholding.

26 Cash generated from operations

	2017 £	2016 £
Profit for the year after tax	508,980	487,301
Adjustments for:		
Taxation charged	154,238	169,254
Finance costs	247,715	216,215
Gain on disposal of tangible fixed assets	(2,258)	(18,166)
Depreciation and impairment of tangible fixed assets	1,498,240	1,306,964
Movements in working capital:		
Decrease/(increase) in stocks	8,863	(31,277)
(Increase) in debtors	(353,101)	(187,746)
(Decrease)/increase in creditors	(816,041)	1,423,094
Cash generated from operations	1,246,636	3,365,639