

Alab Environmental Services Limited

**Directors' report and financial
statements**

Registered number 02712039

For the year ended 31 December 2016

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Contents

Company Information	1
Directors' Report	2
Statement of directors' responsibilities in respect of the Directors' Report and the financial statements	3
Independent auditor's report to the members of Alab Environmental Services Limited	4
Balance Sheet	7
Statement of Changes in Equity	8
Cash Flow Statement	9
Notes	10

Company Information

Directors: K Jewers
R Stephenson

Secretary: R Stephenson

Registered Office: Able House
Billingham Reach Industrial Estate
Billingham
Cleveland
TS23 1PX

Registered Number: 02712039 (England and Wales)

Auditor: KPMG LLP
Quayside House
110 Quayside
Newcastle upon Tyne
NE1 3DX

Directors' Report

The directors present their report with the financial statements of the company for the year ended 31 December 2016. This report has been prepared in accordance with the special provisions of Part 15 of the Companies Act 2006 relating to small companies.

Principal activities

The principal activity of the company is the operation of landfill sites.

Directors

The directors who served the company during the year and since the year end were as follows:

K Jewers
R Stephenson

Dividend

No dividends were paid during the year ended 31 December 2016 (2015: £nil). The directors do not recommend payment of a dividend.

Political contributions

The company has made no political donations, nor incurred any political expenditure during the year (2015: £nil).

Disclosure of information to auditor

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditor is unaware; and each director has taken all the steps that he or she ought to have taken as a director to make himself or herself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

Auditor

Pursuant to section 487 of the Companies Act 2006 the auditor, KPMG LLP, will be deemed to be reappointed and KPMG LLP will therefore continue in office.

By order of the board



K Jewers
Director

Able House
Billingham Reach Industrial Estate
Billingham
Cleveland
TS23 1PX

28th September 2017

Statement of directors' responsibilities in respect of the Directors' Report and the financial statements

The directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice including FRS 102 *(The Financial Reporting Standard applicable in the UK and Republic of Ireland)*).

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 estimates that are reasonable and prudent; and
- 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 have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.



KPMG LLP

Quayside House
110 Quayside
Newcastle upon Tyne
NE1 3DX
United Kingdom

Independent auditor's report to the members of Alab Environmental Services Limited

We have audited the financial statements of Alab Environmental Services Limited for the year ended 31 December 2016 on pages 6 to 14. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (United Kingdom Generally Accepted Accounting Practice, including FRS 102 *(The Financial Reporting Standard applicable in the UK and Republic of Ireland)*).

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.

Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities Statement set out on page 3, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit, and express an opinion on, the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2016 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Based solely on the work required to be undertaken in the course of the audit of the financial statements and from reading the Directors' Report:

- we have not identified material misstatements in that report; and
- in our opinion that report has been prepared in accordance with the Companies Act 2006.

Independent auditor's report to the members of Alab Environmental Services Limited *(continued)*

Matters on which we are required to report by exception

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; or
- the directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemption from the requirement to prepare a Strategic Report or in preparing the Directors' Report.



Nick Plumb (Senior Statutory Auditor)
for and on behalf of KPMG LLP
Chartered Accountants
Quayside House
110 Quayside
Newcastle upon Tyne
NE1 3DX

29 September 2017

Profit and Loss Account
for the year ended 31 December 2016

	<i>Note</i>	2016 £	2015 £
Turnover	2	160,595	1,462,079
Cost of sales		<u>(414,922)</u>	<u>(1,163,113)</u>
Gross (loss)/profit		(254,327)	298,966
Administrative expenses		<u>(80,602)</u>	<u>(116,617)</u>
Operating (loss)/profit	3	(334,929)	182,349
Interest receivable and similar income		<u>5,909</u>	<u>3,129</u>
(Loss)/profit on ordinary activities before taxation		(329,020)	185,478
Tax on (loss)/profit on ordinary activities	5	<u>60,019</u>	<u>(39,671)</u>
(Loss)/profit for the financial year		(269,001)	145,807
Other comprehensive income		<u>- /</u>	<u>-</u>
Total comprehensive income		<u>(269,001)</u>	<u>145,807</u>

The notes on pages 10 to 14 form part of these financial statements.

Balance Sheet
 at 31 December 2016

	Note	2016 £	2015 £
Fixed assets			
Tangible assets	6	17,641	44,061
Current assets			
Stocks	7	389,502	415,258
Debtors	8	1,681,908	1,882,838
Cash at bank		58,450	53,897
		<u>2,129,860</u>	<u>2,351,993</u>
Creditors			
Amounts falling due within one year	9	(1,174,714)	(1,158,675)
		<u>955,146</u>	<u>1,193,318</u>
Net current assets			
		<u>972,787</u>	<u>1,237,379</u>
Total assets less current liabilities			
		<u>972,787</u>	<u>1,237,379</u>
Provisions for liabilities	10	(1,803,264)	(1,798,855)
		<u>(830,477)</u>	<u>(561,476)</u>
Net liabilities			
		<u>(830,477)</u>	<u>(561,476)</u>
Capital and reserves			
Called up share capital	11	10,000	10,000
Profit and loss account		(840,477)	(571,476)
		<u>(830,477)</u>	<u>(561,476)</u>
Shareholders' deficit			
		<u>(830,477)</u>	<u>(561,476)</u>

The financial statements were approved by the Board of Directors on 28th September 2017 and were signed on its behalf by:



K Jewers
 Director

Company registered number: 02712039

The notes on pages 10 to 14 form part of these financial statements.

Statement of Changes in Equity

	Called up share capital £000	Profit and loss account £000	Total £000
Balance at 1 July 2015	10,000	(717,283)	(707,283)
Total comprehensive income for the period			
Profit or loss	-	145,807	145,807
Balance at 31 December 2015	10,000	(571,476)	(561,476)
Balance at 1 January 2016	10,000	(571,476)	(561,476)
Total comprehensive income for the period			
Profit or loss	-	(269,001)	(269,001)
Balance at 31 December 2016	10,000	(840,477)	(830,477)

Cash Flow Statement
for the year ended 31 December 2016

	<i>Note</i>	2016	2015
		£000	£000
Cash flows from operating activities			
(Loss)/profit for the year		(269,001)	145,807
Adjustments for:			
Depreciation		26,420	30,545
Interest receivable and similar income		(5,909)	(3,129)
Taxation		(60,019)	39,671
		<hr/>	<hr/>
		(308,509)	212,894
Decrease/(increase) in trade and other debtors		260,949	(198,669)
Decrease in stocks		25,756	118,450
Increase/(decrease) in trade and other creditors		51,822	(269,082)
Increase in provisions		4,409	80,110
		<hr/>	<hr/>
		34,427	(56,296)
Tax paid		(35,783)	(9,584)
		<hr/>	<hr/>
Net cash from operating activities		(1,356)	(65,881)
		<hr/>	<hr/>
Cash flows from investing activities			
Interest received		5,909	3,129
		<hr/>	<hr/>
Net cash from investing activities		5,909	3,129
		<hr/>	<hr/>
Net increase/(decrease) in cash and cash equivalents		4,553	(62,752)
Cash and cash equivalents at 1 January		53,897	116,649
		<hr/>	<hr/>
Cash and cash equivalents at 31 December		58,450	53,897
		<hr/>	<hr/>

Notes

(forming part of the financial statements)

1 Accounting policies

Alab Environmental Services Limited (the "Company") is a company limited by shares and incorporated and domiciled in the UK.

These company financial statements were prepared in accordance with Financial Reporting Standard 102 *The Financial Reporting Standard* applicable in the UK and Republic of Ireland ("FRS 102") as issued in August 2015. The amendments to FRS 102 issued in July 2016 and which are effective immediately have been applied. The presentation currency of these financial statements is sterling.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements.

In the transition to FRS 102 from old UK GAAP (FRSSE), the Company has made no measurement and recognition adjustments.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements. In preparing its FRS 102 balance sheet, the Company has considered recognition and measurement requirements of FRS 102 and has not identified any material adjustments to amounts reported previously in financial statements prepared in accordance with its previous basis of accounting (FRSSE).

Basis of preparation

The financial statements have been prepared in accordance with applicable accounting standards and under the historical cost accounting rules.

Going concern

The financial statements have been prepared on a going concern basis, despite the net liability position at 31 December 2016. The directors believe the going concern basis to be appropriate as the company is in a net current asset position and is able to meet its financial obligations as they are due. During the prior year the company was granted extended planning permission on its site which the directors believe will continue to generate future profits in excess of the current deficit.

Turnover

Turnover represents the value of services provided net of VAT, landfill tax and trade discounts.

Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost less estimated residual value of each asset over its expected useful life, as follows:

Plant and machinery	20% - 50% per annum on cost
Motor vehicles	25% per annum on cost

Classification of financial instruments issued by the group

In accordance with FRS 102.22, financial instruments issued by the group are treated as equity only to the extent that they meet the following two conditions:

- (a) they include no contractual obligations upon the group to deliver cash or other financial assets or to exchange financial assets or financial liabilities with another party under conditions that are potentially unfavourable to the group; and
- (b) where the instrument will or may be settled in the entity's own equity instruments, it is either a non-derivative that includes no obligation to deliver a variable number of the entity's own equity instruments or is a derivative that will be settled by the entity exchanging a fixed amount of cash or other financial assets for a fixed number of its own equity instruments.

To the extent that this definition is not met, the proceeds of issue are classified as a financial liability. Where the instrument so classified takes the legal form of the entity's own shares, the amounts presented in these financial statements for called up share capital and share premium account exclude amounts in relation to those shares.

Notes (continued)

1 Accounting policies (continued)

Stocks

Stocks are stated at the lower of cost and net realisable value. Work in progress represents the costs of landfill cell creation. These costs are charged to the profit and loss account on the basis of the usage of void space.

Provisions

Provision for the cost of capping landfill sites and the aftercare obligations are charged to the profit and loss account on the basis of the usage of void space.

Operating leases

Operating lease rentals are charged to the profit and loss account on a straight line basis over the period of the lease.

Basic financial instruments

Trade and other debtors / creditors

Trade and other debtors are recognised initially at transaction price less attributable transaction costs. Trade and other creditors are recognised initially at transaction price plus attributable transaction costs. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses in the case of trade debtors. If the arrangement constitutes a financing transaction, for example if payment is deferred beyond normal business terms, then it is measured at the present value of future payments discounted at a market rate of instrument for a similar debt instrument.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits. Bank overdrafts that are repayable on demand and form an integral part of the Company's cash management are included as a component of cash and cash equivalents for the purpose only of the cash flow statement.

Taxation

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the profit and loss account except to the extent that it relates to items recognised directly in equity or other comprehensive income, in which case it is recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided on timing differences which arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in the financial statements. The following timing differences are not provided for: differences between accumulated depreciation and tax allowances for the cost of a fixed asset if and when all conditions for retaining the tax allowances have been met. Deferred tax is not recognised on permanent differences arising because certain types of income or expense are non-taxable or are disallowable for tax or because certain tax charges or allowances are greater or smaller than the corresponding income or expense.

Deferred tax is measured at the tax rate that is expected to apply to the reversal of the related difference, using tax rates enacted or substantively enacted at the balance sheet date.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

2 Analysis of turnover

The company's turnover is derived entirely within the UK and from its principal activity, being the operation of a landfill site.

Notes (continued)

3 Operating profit

The operating profit is stated after charging:

	2016 £	2015 £
Depreciation - owned assets	26,420	30,545
<i>Auditor's remuneration:</i>		
Audit of these financial statements	3,600	3,600
Amounts receivable by auditor and its associates in respect of: Tax compliance services	400	400

4 Remuneration of directors and staff numbers

The directors did not receive any remuneration for their services to the company (2015: £nil). The company employed an average of 8 (2015: 8) staff during the year.

5 Taxation

Analysis of the tax charge

The tax charge on the (loss)/profit on ordinary activities for the year was as follows:

	2016 £	2015 £
Current tax:		
UK corporation tax	(35,791)	35,799
Deferred tax:		
Origination and reversal of timing differences	(24,228)	3,872
Tax on (loss)/profit on ordinary activities	(60,019)	39,671
(Loss)/profit for the year	(269,001)	145,807
Total tax credit/expense	(60,019)	39,671
Reconciliation of the effective tax rate		
(Loss)/profit excluding taxation	(329,020)	185,478
Tax using the UK corporation tax rate of 20% (2015: 20%)	(65,804)	37,096
Differences between deferred tax rate and average rate	5,785	2,575
Total tax expense included in profit and loss	(60,019)	39,671

Factors that may affect future current and total tax charges

A reduction in the UK corporation tax rate from 21% to 20% (effective from 1 April 2015) was substantively enacted on 2 July 2013. Further reductions to 19% (effective from 1 April 2017) and to 18% (effective 1 April 2020) were substantively enacted on 26 October 2015, and an additional reduction to 17% (effective 1 April 2020) was substantively enacted on 6 September 2016. This will reduce the company's future current tax charge accordingly. The deferred tax asset at 31 December 2016 has been calculated based on these rates.

Notes (continued)

6 Tangible fixed assets

	Plant and machinery £
Cost	
At 31 December 2015 and 31 December 2016	1,448,557
Depreciation	
At 31 December 2015	1,404,496
Charge for year	26,420
At 31 December 2016	1,430,916
Net book value	
At 31 December 2016	17,641
At 31 December 2015	44,061

7 Stocks

	2016 £	2015 £
Raw materials	23,332	25,190
Work in progress	366,170	390,068
	<u>389,502</u>	<u>415,258</u>

8 Debtors: amounts falling due within one year

	2016 £	2015 £
Trade debtors	23,437	47,523
Other debtors	1,575,352	1,812,215
Taxation	35,791	-
Deferred tax asset	47,328	23,100
	<u>1,681,908</u>	<u>1,882,838</u>

9 Creditors: amounts falling due within one year

	2016 £	2015 £
Trade creditors	69,217	33,314
Taxation	-	35,783
Other taxes and social security	101,006	136,721
Other creditors	1,004,491	952,857
	<u>1,174,714</u>	<u>1,158,675</u>

Notes (continued)

10 Provisions for liabilities

	2016 £	2015 £
Site aftercare and capping costs	1,803,264	1,798,855
		Site aftercare and capping costs £
Balance at 1 January 2015		1,798,855
Provided during year		4,409
Balance at 31 December 2016		1,803,264

11 Called up share capital

	2016 £	2015 £
<i>Allotted, called up and fully paid</i> 10,000 ordinary shares of £1 each	10,000	10,000

12 Related party transactions

Included within other creditors is an amount of £466,056 (2015: £430,999) due to Able UK Limited, a company under common control throughout the year. During the year the company made sales of £47,280 (2015: £3,207) to, and purchases of £33,367 (2015: £523,957) from, Able UK Limited.

Included within other creditors is an amount of £537,682 (2015: £513,839) due to Elba Securities Limited, an entity included in the consolidated financial statements of Able UK Limited. Included in other debtors is an amount of £357,748 (2015: £357,748) due from Elba Securities Limited in respect of cash paid for future aftercare and capping costs. During the year the company recognised expenses of £35,054 (2014: £407,976) from Elba Securities Limited in respect of landfill void usage.

13 Ultimate controlling party

The company is controlled by Peter Stephenson by virtue of his shareholding.

14 Accounting estimates and judgements

Management is required to make certain estimates and judgements in the preparation of these financial statements. The most significant source of uncertainty relates to the estimate of provisions for capping costs associated with the landfill site. The most significant judgement relates to recoverability of assets.