

Clearway Environmental Services (UK) Limited

Report and Financial Statements

Year ended

31 March 2019

Company Number 04054612

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Clearway Environmental Services (UK) Limited

Report and financial statements for the year ended 31 March 2019

Contents

Page:

1	Strategic report
4	Directors' report
5	Directors' responsibilities statement
6	Independent auditor's report
8	Statement of comprehensive income
9	Balance sheet
10	Statement of changes in equity
11	Notes forming part of the financial statements

Directors

M R Crook
D M Gratton
G I Israel
I Quinlan

Secretary and registered office

G Mason, Fountain House, Anchor Boulevard, Crossways Business Park, Dartford, Kent, DA2 6QH

Company number

04054612

Bankers

Barclays Bank PLC, 1 North End, Croydon, Surrey, CR9 1RN
Santander UK plc, 17 Ulster Terrace, Regent's Park, London, NW1 4PJ

Auditor

BDO LLP, 2 City Place, Beehive Ring Road, Gatwick, West Sussex, RH6 0PA

Clearway Environmental Services (UK) Limited

Strategic report for the year ended 31 March 2019

The directors present their strategic report together with the audited financial statements for the year ended 31 March 2019.

Principal activity

The principal activities of the company comprise property services, primarily those relating to void, vacant and otherwise unoccupied properties, for both the private and public sector, in particular security services and property clearance. The company operates across England and into Wales.

The company is a wholly owned subsidiary of Clearway Group Support Services Limited (formerly GI Investments UK Limited) and an indirect subsidiary of The Clearway Group Limited (formerly The Clearway Group PLC), the ultimate parent company.

Market Environment

The UK void property services market is currently served by many small to medium sized providers operating within their localities, and a small number of large competitors operating across regions and in some cases, the entire UK.

Strategy

The company continues to be the UK principal trading company within the group.

The company's strategy continues to be to grow by leveraging relationships with current customers while seeking further opportunities in pre-identified areas of interest. The addition to the group of Cerberus Security and Monitoring Services Limited during the reporting period has provided the company with further opportunities to sell services across an enlarged group and engage with other trading subsidiaries to identify possible opportunities and revenue streams.

Clearway Environmental Services (UK) Limited

Strategic report for the year ended 31 March 2019 (*continued*)

KPIs

Financial overview

Performance of the business for the year

	31 March 2019	31 March 2018
	£	£
Revenue	11,385,791	9,103,726
Operating profit	2,590,724	1,934,893
Add back depreciation	537,120	313,997
EBITDA	3,127,844	2,248,890
EBITDA margin	27.5%	24.7%

EBITDA (earnings before interest, tax, depreciation and amortisation) is operating profit adding back depreciation as shown above. There was no amortisation charge to add back.

- Revenue increased by 25% over the prior year. The growth is underpinned by a 46% growth from the rental of alarms and steel, 6% from manned guarding with clearance work up 8%.
- EBITDA improved over the prior year by 39% due to additional revenues generated contributing more to EBITDA than the small increase in overheads needed to support this growth.
- The increase in EBITDA margin reflects the change in mix of business.

Position of the business at the period end

The company had net cash at 31 March 2019 of £264,808 (2018: £207,638).

Key performance indicators

In addition to the measures reported on above, the company evaluates its performance against the metrics set out below.

	31 March 2019	31 March 2018
Number of sites secured (at the year end)	1,797	1,589
Net growth in number of sites (for the year ended)	203	215
Average recurring weekly income, excluding man-guarding (at the year end)	£113,591	£78,684
Lock up days (at the year end)	58.1 days	60.7 days

- The number of sites has increased by 13% in the year to 31 March 2019 reflecting an increased investment in sales resources, with a focus on increasing recurring revenue streams and the average weekly recurring revenue has increased by 44% over the year.
- Lock up days is a measure of the number of days sales tied up in trade debtors and accrued income excluding the effect of VAT. This measure is preferred to debtor days as it includes un-invoiced revenue amounts. Lock up days has improved since 31 March 2018 due to a continuing focus on cash generation.

Clearway Environmental Services (UK) Limited

Strategic report for the year ended 31 March 2019 (*continued*)

Health and safety

The nature of the company's business means that the health and safety of all employees and other persons involved in its operations present a continuous challenge requiring proactive management.

The company manages this risk through the enforcement of rigorous policies and procedures, under continuous review by professional, qualified staff. The company provides appropriate accredited health and safety training to its employees.

High health and safety standards are expected from all employees and sub-contractors.

There were no RIDDOR reportable incidents in the year.

Principal risks and uncertainties

A detailed review of the risks and uncertainties relating to the company's operating activities can be found within the strategic report of The Clearway Group Limited (formerly The Clearway Group PLC).

Outlook

The company expects to continue to grow during the year to 31 March 2020, benefitting from the enhanced opportunities offered by being part of an expanding multi-service property services group.

By Order of the Board



I Quinlan
Director

10 September 2019

Clearway Environmental Services (UK) Limited

Directors' report for the year ended 31 March 2019

The directors present their report together with the audited financial statements for the year ended 31 March 2019.

Results and dividends

The profit for the year, after taxation, amounted to £2,235,088 (2018 - £1,728,642).

The company paid a dividend of £2,700,000 during the year (2018 - £1,600,000). No final dividend is proposed.

Directors

The directors of the company throughout the year were:

M R Crook
D M Gratton
G I Israel
I Quinlan
P O Sexton (resigned 31 March 2019)

Future developments

The company continues to trade profitably and to pursue opportunities to improve its performance and financial position.

Disclosure of information to auditor

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

- so far as the director is aware, there is no relevant audit information of which the company and the auditor is unaware, and
- the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the company and the auditor is aware of that information.

Auditor

BDO LLP have expressed their willingness to continue in office and a resolution to re-appoint them as auditor will be proposed at the next annual general meeting.

Annual general meeting

In accordance with s303 of the Companies Act 2006, the members have not required the directors to call an annual general meeting of the company.

This report was approved on behalf of the Board on



I Quinlan
Director

Date 10 September 2019

Clearway Environmental Services (UK) Limited

Directors' responsibilities statement for the year ended 31 March 2019

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

In preparing these financial statements, the directors are required to:

- select suitable accounting policies for the company's financial statements 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.

Clearway Environmental Services (UK) Limited

Independent auditor's report

TO THE MEMBERS OF CLEARWAY ENVIRONMENTAL SERVICES (UK) LIMITED

Opinion

We have audited the financial statements of Clearway Environmental Services (UK) Limited (the 'company') for the year ended 31 March 2019 which comprise the statement of comprehensive income, the balance sheet, the statement of changes in equity and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2019 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- 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 were:

- 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 other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information. 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.

Clearway Environmental Services (UK) Limited

Independent auditor's report (*continued*)

Opinions on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the directors' report.

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of 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, 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 at 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.

BDO LLP

Anna Draper (Senior Statutory Auditor)
For and on behalf of BDO LLP, Statutory Auditor
Gatwick

10 September 2019

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

Clearway Environmental Services (UK) Limited

Statement of comprehensive income for the year ended 31 March 2019

	Note	2019 £	2018 £
Turnover	3	11,385,791	9,103,726
Cost of sales		(6,247,077)	(5,151,590)
Gross profit		5,138,714	3,952,136
Administrative expenses		(2,563,528)	(2,200,178)
Other operating income		15,538	182,935
Operating profit	6	2,590,724	1,934,893
Interest receivable and similar income	8	191,920	148,360
Interest payable and expenses	9	(24,270)	(2,584)
Profit before tax		2,758,374	2,080,669
Tax on profit	10	(523,286)	(352,027)
Profit for the year		2,235,088	1,728,642

There were no recognised gains and losses for 2019 or 2018 other than those included in the statement of comprehensive income.

There was no other comprehensive income for 2019 (2018 - £Nil).

The notes on pages 11 to 23 form part of these financial statements.

Clearway Environmental Services (UK) Limited

Balance sheet As at 31 March 2019

Company number 04054612	Note	2019 £	2019 £	2018 £	2018 £
Fixed assets					
Tangible assets	12		1,732,362		1,028,827
					1,028,827
Current assets					
Stocks	13	21,849		21,849	
Debtors: amounts falling due after more than one year	15	6,287,245		3,736,147	
Debtors: amounts falling due within one year	14	2,757,324		2,156,665	
Cash at bank and in hand	16	264,808		207,638	
		9,331,226		6,122,299	
Creditors: amounts falling due within one year	17	(3,716,546)		(2,689,132)	
Net current assets			5,614,680		3,433,167
Total assets less current liabilities			7,347,042		4,461,994
Creditors: amounts falling due after more than one year	18		(3,318,417)		-
Provision for liabilities					
Deferred tax	20		(55,535)		(23,992)
Net assets			3,973,090		4,438,002
Capital and reserves					
Called up share capital	22		2		2
Profit and loss account			3,973,088		4,438,000
			3,973,090		4,438,002

The financial statements were approved by the Board of Directors and authorised for issue on 10 September 2019



I Quinlan
Director

The notes on pages 11 to 23 form part of these financial statements.

Clearway Environmental Services (UK) Limited

Statement of changes in equity for the year ended 31 March 2019

	Share Capital £	Profit and loss account £	Total equity £
At 1 April 2018	2	4,438,000	4,438,002
Profit for the year	-	2,235,088	2,235,088
Dividends: equity capital	-	(2,700,000)	(2,700,000)
	<hr/>	<hr/>	<hr/>
At 31 March 2019	2	3,973,088	3,973,090
	<hr/>	<hr/>	<hr/>

Statement of changes in equity for the period ended 31 March 2018

	Share Capital £	Profit and loss account £	Total equity £
At 1 April 2017	2	4,309,358	4,309,360
Profit for the year	-	1,728,642	1,728,642
Dividends: equity capital	-	(1,600,000)	(1,600,000)
	<hr/>	<hr/>	<hr/>
At 31 March 2018	2	4,438,000	4,438,002
	<hr/>	<hr/>	<hr/>

The notes on pages 11 to 23 form part of these financial statements.

Clearway Environmental Services (UK) Limited

Notes forming part of the financial statements for the year ended 31 March 2019

1 Accounting policies

Basis of preparation of financial statements

Clearway Environmental Services (UK) Limited is a limited company incorporated in the United Kingdom. The address of the registered office is given in the company information page of these financial statements.

The financial statements have been prepared under the historical cost convention and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006. The presentational currency is Pounds Sterling.

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

- the requirements of Section 7 - statement of cash flows
- the requirements of Section 3 - financial statement presentation paragraph 3.17(d)
- the requirements of Section 11 - financial instruments paragraphs 11.41(b), 11.41(c), 11.41(e), 11.41(f), 11.42, 11.44 to 11.45, 11.47, 11.49 (a) (iii), 11.48 (a) (iv), 11.48(b) and 11.48(c)
- the requirements of Section 12 - other financial instruments paragraphs 12.26 to 12.27, 12.29(a), 12.29(b) and 12.29A
- the requirements of Section 33 - related party disclosures paragraph 33.7

The information requirements above are included in the consolidated financial statements of The Clearway Group Limited (formerly The Clearway Group PLC) (incorporated in the United Kingdom) as at 31 March 2019 and these financial statements may be obtained from Companies House. The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the company's accounting policies (see note 2).

The following principal accounting policies have been applied:

Revenue

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

Rendering of services

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

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

As such, revenue for property clearance is recognised when the work is carried out and revenue from security services is recognised on a straight-line basis over the hire period.

Tangible fixed assets

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

Clearway Environmental Services (UK) Limited

Notes forming part of the financial statements for the year ended 31 March 2019 (*continued*)

1 Accounting policies (*continued*)

Tangible fixed assets (continued)

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

Depreciation is provided on the following basis:

Plant and machinery	-	10% or 25% straight line
Motor vehicles	-	25% straight line
Hire assets	-	25% straight line

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

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the statement of comprehensive income.

Valuation of investments

Investments held as fixed assets and current assets are shown at cost less provision for impairment.

Stocks

Stocks are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell. Cost includes direct costs only.

Debtors

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

Cash and cash equivalents

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

Clearway Environmental Services (UK) Limited

Notes forming part of the financial statements for the year ended 31 March 2019 (*continued*)

1 Accounting policies (*continued*)

Financial instruments

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

Creditors

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

Foreign currency translation

Functional and presentation currency

The company's functional and presentational currency is GBP.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end, foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Dividends

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders at an annual general meeting. Dividends on shares recognised as liabilities are recognised as expenses and classified within interest payable.

Leased assets: Lessee

Where assets are financed by leasing agreements that give rights approximating to ownership (finance leases), the assets are treated as if they had been purchased outright. The amount capitalised is the present value of the minimum lease payments payable over the term of the lease. The corresponding leasing commitments are shown as amounts payable to the lessor. Depreciation on the relevant assets is charged to profit or loss over the shorter of estimated useful economic life and the term of the lease.

Lease payments are analysed between capital and interest components so that the interest element of the payment is charged to profit or loss over the term of the lease and is calculated so that it represents a constant proportion of the balance of capital repayments outstanding. The capital part reduces the amounts payable to the lessor.

All other leases are treated as operating leases. Their annual rentals are charged to profit or loss on a straight-line basis over the term of the lease.

Research and development

Research and development expenditure is expensed in the period in which it is incurred.

Clearway Environmental Services (UK) Limited

Notes forming part of the financial statements for the year ended 31 March 2019 (*continued*)

1 Accounting policies (*continued*)

Pensions

Defined contribution pension plan

The company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the company pays fixed contributions into a separate entity. Once the contributions have been paid the company has no further payment obligations.

The contributions are recognised as an expense in the statement of comprehensive income when they fall due. Amounts not paid are shown in accruals as a liability in the balance sheet. The assets of the plan are held separately from the company in independently administered funds.

Interest income and expense

Interest income and expense is recognised in the statement of comprehensive income using the effective interest method.

Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in the Statement of comprehensive income, except that a change attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

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

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Balance Sheet date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

2 Judgements in applying accounting policies and key sources of estimation uncertainty

a) Critical judgements in applying the company's accounting policies

No significant judgements have had to be made by the company in preparing these financial statements.

b) Key accounting estimates and assumptions

The company has made key assumptions regarding the useful economic life of tangible fixed assets and this is further described in Note 1 of the accounting policies.

Clearway Environmental Services (UK) Limited

Notes forming part of the financial statements for the year ended 31 March 2019 (continued)

3 Turnover

All turnover arose within the United Kingdom and is attributable to the principal activity of the company.

4 Employees

	2019 £	2018 £
Staff costs (including directors) consist of:		
Wages and salaries	2,982,083	2,506,725
Social security costs	298,708	218,609
Cost of defined contribution scheme	54,934	21,754
	<u>3,335,725</u>	<u>2,747,088</u>

The average number of employees (including directors) during the year was as follows:

	2019 Number	2018 Number
Directors and senior management	3	3
Sales	10	7
Accounts and administration	12	14
Operations	55	49
	<u>80</u>	<u>73</u>

5 Directors' remuneration

	2019 £	2018 £
Directors' emoluments	<u>112,667</u>	<u>140,927</u>

The highest paid director received remuneration of £112,667.

The value of the Company's contributions paid to a defined benefit contribution pension scheme in respect of the highest paid director amounted to £2,203.

Clearway Environmental Services (UK) Limited

Notes forming part of the financial statements
for the year ended 31 March 2019 *(continued)*

6 Operating profit

	2019 £	2018 £
This is arrived at after charging:		
Depreciation of tangible fixed assets	537,120	313,997
Other operating lease rentals	123,645	126,597
Loss / (profit) on sale of fixed assets	8,302	28
Defined contribution pension cost	54,934	20,327
	<u> </u>	<u> </u>

7 Auditors' remuneration

	2019 £	2018 £
Fees payable to the company's auditor for the audit of the company's annual financial statements	14,163	13,750
	<u> </u>	<u> </u>
Fees payable to the company's auditor in respect of: Other accounting and taxation services	5,638	5,450
	<u> </u>	<u> </u>

8 Interest receivable

	2019 £	2018 £
Interest on intercompany balances	191,920	143,118
Other interest receivable	-	5,242
	<u> </u>	<u> </u>
	191,920	148,360
	<u> </u>	<u> </u>

Clearway Environmental Services (UK) Limited

Notes forming part of the financial statements
for the year ended 31 March 2019 (*continued*)

9 Interest payable and similar charges

	2019 £	2018 £
Intercompany interest payable	23,270	-
Finance leases and hire purchase contracts	-	2,584
	<u>23,270</u>	<u>2,584</u>

10 Taxation

	2019 £	2018 £
<i>Corporation tax</i>		
Current tax on profits for the year	500,957	352,300
Adjustment in respect of previous periods	(9,214)	(1,744)
	<u>491,742</u>	<u>350,456</u>
<i>Deferred tax</i>		
Origination and reversal of timing differences	22,533	1,249
Adjustment in respect of prior periods	9,010	322
	<u>31,543</u>	<u>1,571</u>
Taxation on profit on ordinary activities	<u>523,286</u>	<u>352,027</u>

Clearway Environmental Services (UK) Limited

Notes forming part of the financial statements for the year ended 31 March 2019 (continued)

10 Taxation on profit on ordinary activities (continued)

Factors affecting tax charge for the year

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

	2019 £	2018 £
Profit on ordinary activities before tax	2,758,374	2,080,669
Profit on ordinary activities at the standard rate of corporation tax in the UK of 19% (2018 - 19%)	524,091	394,473
Effects of:		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	2,051	277
Additional R&D reduction	-	(41,154)
Adjustments to tax charge in respect of prior periods	(9,214)	(1,422)
Deferred tax timing differences leading to an increase in taxation	9,010	-
Group relief	(500,957)	(338,734)
Payment for group relief	500,957	338,734
Difference in tax rates	(2,652)	(147)
Total tax charge for the year	523,286	352,027

Factors that may affect future tax charges

There were no factors that may affect future tax charges.

11 Dividends

	2019 £	2018 £
Dividends paid (£1,350,000 per share) (2018: £800,000)	2,700,000	1,600,000

Clearway Environmental Services (UK) Limited

Notes forming part of the financial statements
for the year ended 31 March 2019 (*continued*)

12 Tangible fixed assets

	Plant and machinery £	Motor vehicles £	Hire Assets £	Total £
<i>Cost</i>				
At 1 April 2018	379,579	626,706	1,190,796	2,197,081
Additions	23,870	310,702	906,083	1,240,654
Disposals	-	(53,835)	-	(53,835)
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 March 2019	403,449	883,573	2,096,879	3,383,902
	<hr/>	<hr/>	<hr/>	<hr/>
<i>Depreciation</i>				
At 1 April 2018	313,104	332,793	522,357	1,168,254
Charge for year	38,720	140,850	357,550	537,120
Disposals	-	(53,835)	-	(53,835)
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 March 2019	351,824	419,808	879,907	1,651,538
	<hr/>	<hr/>	<hr/>	<hr/>
<i>Net book value</i>				
At 31 March 2019	51,625	463,765	1,216,972	1,732,362
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 March 2018	66,475	293,913	668,439	1,028,827
	<hr/>	<hr/>	<hr/>	<hr/>

The net book value of assets held under finance leases or hire purchase contracts, included above, is as follows:

	2019 £	2018 £
Motor vehicles	-	35,307
	<hr/>	<hr/>

Clearway Environmental Services (UK) Limited

Notes forming part of the financial statements
for the year ended 31 March 2019 *(continued)*

13 Stocks

	2019 £	2018 £
Raw materials	21,849	21,849

14 Debtors: amounts falling due within one year

	2019 £	2018 £
Trade debtors	2,040,144	1,715,324
Amounts owed by group undertakings	323,750	69,885
Other debtors	8,823	19,875
Prepayments and accrued income	384,607	351,581
	<u>2,757,324</u>	<u>2,156,665</u>

15 Debtors: amounts falling due after more than one year

	2019 £	2018 £
Amounts owed by group undertakings	<u>6,287,245</u>	<u>3,736,147</u>

Clearway Environmental Services (UK) Limited

Notes forming part of the financial statements
for the year ended 31 March 2019 (*continued*)

16 Cash and cash equivalents

	2019 £	2018 £
Cash at bank and in hand	264,808	207,638

17 Creditors: amounts falling due within one year

	2019 £	2018 £
Trade creditors	954,308	1,029,038
Amounts owed to group undertakings	1,738,013	879,866
Corporation tax	4,253	13,467
Taxation and social security	467,783	286,077
Obligations under finance lease and hire purchase contracts	-	14,107
Other creditors	-	4,135
Accruals and deferred income	552,189	462,442
	3,716,546	2,689,132

18 Creditors: amounts falling due after more than one year

	2019 £	2018 £
Amounts owed to group undertakings	3,318,417	-

Clearway Environmental Services (UK) Limited

Notes forming part of the financial statements
for the year ended 31 March 2019 (continued)

19 Hire purchase and finance leases

	2019 £	2018 £
Minimum lease payments under hire purchase fall due as follows:		
Within one year	-	14,107
	-	14,107

Obligations under hire purchase contracts are secured on the assets to which they relate.

20 Deferred taxation

At beginning of the year	23,992
Credited to the income statement	31,543
At end of the year	55,535
The provision for deferred taxation is made up as follows:	£
Accelerated capital allowances	57,300
Short term timing differences	(1,765)
Provision at the year end	55,535

21 Pension commitments

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 and amounted to £54,934 (2018 - £21,754). Contributions totalling £10,382 (2018 - £3,806) were paid in advance / payable to the fund at 31 March 2019 and are included in prepayment (2018 – in creditors).

22 Share capital

	2019 £	2018 £
Shares classified as equity		
Allotted, called up and fully paid		
2 ordinary shares of £1 each	2	2

Clearway Environmental Services (UK) Limited

Notes forming part of the financial statements for the year ended 31 March 2019 (continued)

23 Contingent liabilities, charges and guarantees

On 5 December 2016, a charge was placed on the company's fixed and floating assets by Toscafund GP Limited in respect of a group facility. This charge was released on 18 April 2018 and replaced with a fixed and floating charge on the company's assets by Santander UK plc and BGF Investments LP on the same day.

The company has guaranteed the obligations of Clearway Group Holdings Limited and The Clearway Group Limited in respect of loans.

24 Commitments under operating leases

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

	Land and buildings 2019 £	Land and buildings 2018 £	Other 2019 £	Other 2018 £
Not later than 1 year	125,390	123,645	-	-
Later than 1 year and not later than 5 years	34,794	99,727	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Total	160,184	223,372	-	-
	<hr/>	<hr/>	<hr/>	<hr/>

25 Related party disclosures

During the year, the company purchased services from Lakebridge 2008 Limited (formerly Clearway Environmental Services (2008) Limited), a company in which G I Israel and M Crook are directors and shareholders, of £175,117 (2018 - £149,794) and there was a balance due in creditors of £44,946 (2018 - £42,922).

During the year, the company rented a property from Shardlake Investments LLP, a company in which Matthew Crook is a director. Rent paid on the property for the year ended 31 March 2019 was £16,470 (2018 - £11,880), and there was a balance due in creditors of £1,500 (2018 - £nil).

During the year, the company purchased goods and services from Ozvision Limited (previously NuVision Limited), a company in which G I Israel is a director and shareholder, amounting to £13,850 (2018 - nil), and there was a balance due in creditors of £4,134 (2018 - £nil).

The company has taken advantage of the exemption in FRS 102 paragraph 33.1A from the disclosure of transactions with entities that are part of the group on the grounds that it is a wholly owned subsidiary and the consolidated financial statements of the group are publicly available.

26 Ultimate parent company

As at both balance sheet dates, the ultimate controlling party is The Clearway Group Limited (formerly The Clearway Group PLC).