

**The Coventry and Solihull Waste Disposal  
Company Limited**

**Annual Report and Financial Statements**

31 March 2023

**Directors**

K Starkey  
C Penson  
R Gray (Non-executive)  
P Johnson (Non-executive)  
B Hastie (Non-executive)

**Auditors**

Ernst & Young LLP  
No. 1 Colmore Square  
Birmingham  
B4 6HQ

**Bankers**

Lloyds Bank Plc  
30 High Street  
Coventry  
CV1 5RA

**Registered office**

Waste to Energy Plant  
Bar Road  
Coventry  
CV3 4AN

## Strategic report

The directors present their Strategic report for the year ended 31 March 2023.

### Review of the business

The principal activity of the Company during the year continued to be the generation of energy using waste materials as the energy source.

The Company's primary financial and non-financial key performance indicators are as follows:

	2023	2022	Movement
	<i>£m</i>	<i>£m</i>	%
Turnover	38.2	31.1	22.8
Operating profit	16.9	12.1	39.7
Profit before taxation	16.9	12.0	40.8
Shareholders' funds	25.5	23.1	10.4
Employee numbers	69	71	(2.8)

The increases in turnover and operating profit are primarily due to higher prices, most significantly from electrical generation but also from waste treatment. Higher turnover has to some extent been offset by rising costs particularly for consumables.

The Company invested £4,254,000 (2022: £4,340,000) in tangible fixed asset additions during the year, with the principal items of expenditure being the replacement of a steam generation bank and the purchase of additional continuous emissions monitoring equipment. The Company has a long term investment plan to maintain and improve operational performance and it continues to seek opportunities to ensure that future capacity remains filled and to provide financial stability.

### Streamlined energy and carbon reporting framework regulations

The Company is subject to the Streamlined Energy and Carbon Reporting Regulations (SECR) and therefore reports energy consumption and greenhouse gas (GHG) emissions figures relating to gas, electricity and transport, as well as an intensity ratio and information relating to energy efficiency actions.

Following the recommendations of the SECR legislation and based on the nature of the business, the Company has chosen the tonne of carbon dioxide equivalent (tCO<sub>2</sub>e) per employee intensity ratio as the best representation of its efficiency performance.

#### *Energy Consumption*

Total energy consumption used to calculate GHG emissions (kWh)	983,606,287
Scope 1 (tCO <sub>2</sub> e) – gas consumption, transport, process emissions	96,673
Scope 2 (tCO <sub>2</sub> e) – electricity purchased	220
Scope 3 (tCO <sub>2</sub> e) – business travel – rental cars or employee owned vehicles where the Company is responsible for purchasing the fuel	1,468
Total gross GHG emissions (tCO <sub>2</sub> e)	98,361
Intensity ratio (tCO <sub>2</sub> e total gross GHG emissions per employee)	1,426

## Strategic report (continued)

### Streamlined energy and carbon reporting framework regulations (continued)

#### *Energy Efficiency Actions*

The Company has implemented the following energy efficiency actions during the year ended 31 March 2023:

- review and improvement of the energy efficiency policy, including assessing and targeting the largest contributors to usage such as heaters, air conditioning, lighting and IT equipment.
- the Leadership and Policy Statement section of the Environmental, Health and Safety management system has been amended to include an Energy and Resource Use Policy. This amendment aims to govern energy and resource use in the organisation with the aim of reducing consumption over time.

#### *Methodology*

The Energy and Carbon Reporting has been produced using the following methodology and assumptions:

- GHG reporting framework – GHG Protocol Reporting Standard.
- The operation control approach was taken to determine the organisational boundary and the emissions are reported on a gross calorific value basis using the UK government’s conversion factors for 2022.
- Location based emissions have been reported for scope 2 electricity.
- A quantity of natural gas is exported for use in an energy centre which lies outside the boundary of the organisation. This energy centre provides heat to Equans UK for a district heating network. This natural gas is deducted from the purchased gas total.

#### *Emission Factors*

- The 2022 UK Government Conversion Factors for Company Reporting have been used to calculate the emission figures disclosed. The factors are published at <https://www.gov.uk/government/publications/greenhouse-gas-reporting-conversion-factors-2022>
- Waste combustion factors are based on actual intensity metrics identified by the Company.

#### *Data*

- Activity data used to calculate the GHG emissions have been collected from invoices, meter readings, Continuous Emissions Monitoring Systems (CEMS) and other Company internal systems.

## Strategic report (continued)

### Section 172 (1) statement

Section 172 (1) of the Companies Act 2006 requires Directors to take into consideration the interests of key stakeholders in the Company in their decision making. Key stakeholders have been identified as shareholders, employees, customers, suppliers, environmental regulators and the community. Where Directors are not directly involved in the processes described below, regular feedback is obtained from and discussions held with the senior management team. There were no matters brought to the attention of the Directors through the undertaken engagement which were considered to be of strategic importance, other than those matters referred to in the principal decisions section below.

#### *Shareholders*

The Company's shareholders are the principal investors in the business and also its largest customers. The Directors attend meetings of the Shareholder Panel at least twice a year. The Shareholder Panel is the Shareholders' principal governance and oversight body for the Company and is constituted of elected members of the various shareholder local authorities. The key focus of these meetings is the operational and financial performance of the Company. The Shareholders are also represented on the Board of Directors which meets quarterly. In addition the executive directors hold regular meetings with senior operational officers of the Shareholders, and regular operational meetings regarding waste disposal are held between the Company's senior managers and operational officers of the Shareholders.

#### *Employees*

A highly skilled and motivated work force is essential to the efficient running of the business. There is a structured system of engagement with employees with quarterly consultative committee meetings between the Directors and representatives of the various areas of the workforce, separate monthly team briefings are carried out by senior managers along with appropriate training and development.

#### *Customers*

The Company's business is reliant on a small number of customers, most of whom are its local authority shareholders, or contractors of other local authorities. Engagement with Shareholder customers is carried out as described in the Shareholder section above, with regular operational meetings regarding waste disposal held between Company senior managers and all customers.

#### *Suppliers*

The Company maintains appropriate arms-length trading relationships with suppliers and is committed to fairness in its dealings with them. Relationships with key suppliers are maintained at Director and senior management level via meetings, collaboration on technical issues and working together to deliver major projects.

#### *Environment*

The Company has an environmental permit which is issued by the Environment Agency and this body has responsibility for monitoring the Company's environmental performance. The Company engages with the Environment Agency via its regular compliance visits, and by reporting any environmental issues to it in a timely manner. Consultations with the Environment Agency relating to changes in environmental legislation and regulation are managed by the Environmental Services Association, which the Company is a member of, and which holds discussions with the Environment Agency and relevant government departments.

#### *Community*

The Company's facility is located within a mile of Coventry city centre and maintaining good relations with the local community is important. This is done by communicating with local residents regarding any plant activity which might have an impact on them, providing plant tours to local schools, university and other interest groups, and hosting open days for residents of Coventry.

## Strategic report (continued)

### Section 172 (1) statement (continued)

#### *Principal Decisions*

Specific key decisions made by Directors to act in the best interests of the Company included:

- Significant capital investment projects were presented to, considered and approved by the Shareholder Panel;
- Dividends were paid as set out in the Directors' report, providing a return on investment to eligible Shareholders, whilst taking into account the Company's ongoing financial position and the interests of other stakeholders;
- An electrical trading strategy was determined based on a balance of acceptable risk and reward for the Company and its stakeholders;
- The valuation basis used for property insurance purposes was adjusted to increase the level of coverage and reduce the risk of a substantial loss.

### Principal risks and uncertainties

The principal risks and uncertainties facing the Company are outlined below:

#### *Commercial Risks*

Business continuity - the Company has previously undertaken a comprehensive risk assessment programme and has put in place a business continuity plan, which is kept under review, and which assesses the level of risk that exists and the potential consequences to the Company, including that posed by a major disruptive event such as the recent coronavirus pandemic. The plan ensures that the physical and intellectual assets, as well as the commercial performance of the business, are appropriately safeguarded.

Plant failure – the Company's ability to operate efficiently is dependent on the availability of critical items of plant. The Company has a preventative maintenance programme to reduce the risk of plant failure, but when it does occur there are also emergency procedures and fire protection measures in place to deal with the immediate consequences and the Company carries insurance to mitigate both its property damage and business interruption losses.

Waste prices and availability - the Company's operating performance is impacted by the price and availability of waste. The Company manages this risk by negotiating long term contracts with customers, which take into account the future impact of inflation, and by spreading risk by taking waste from multiple customers.

Waste quality – the Company's operating performance is affected by the quality of waste that is delivered by customers. Household waste can vary significantly in terms of its content, and consequently in terms of its calorific value and ease of combustion. Environmental factors can also have an impact, with wet waste as a result of rain and snow causing major operational difficulties. The Company has managed this problem by including waste acceptance criteria into contracts with customers, by engaging with customers to improve their systems for managing waste quality and by investing in the plant to improve its ability to burn an increasingly variable waste feedstock.

Electricity prices - the Company's operating performance is impacted by the price it is able to obtain for its electrical generation, the market price for which can be very volatile. The Company manages this risk by entering into fixed period supply agreements with customers, either on a one to one basis or through a public auction.

## Strategic report (continued)

### Principal risks and uncertainties (continued)

Cost inflation - the Company's operating performance is affected by high inflationary cost increases. The prices of essential consumables have increased significantly in the second half of the year, particularly where rising energy prices have had a direct impact on costs. The Company has tried to manage this problem by searching the market for the best prices, though this has been hampered by demand outstripping supply, which itself has served to force prices up. At the end of the year the war in Ukraine had started to have an impact on the price and availability of some materials. The Company has managed this risk of rising energy input prices by entering into fixed period supply agreements with suppliers.

#### *Regulatory Risks*

Environmental risk – the Company's operations are tightly controlled by UK and EU environmental regulations, and it operates under a permit issued by the Environment Agency. The Environment Agency issued a new permit variation in October 2022, which includes new emission limit values. These new limits come into force in December 2023. The Company is currently working with combustion specialists to ensure that it can meet the new emission limit values. Failure to comply with the conditions of the permit could mean that the Company would have to shut down its process. To further mitigate this risk the Company has personnel and systems in place to monitor its performance against the conditions of its permit. To aid the quality of its environmental performance the Company has an environmental management system which is externally audited and certified to the internationally recognised ISO14001 standard.

Health and safety risk - due to the nature of the processes it operates the Company has a significant level of health and safety risk. To mitigate this risk it employs an environment, health and safety advisor whose role is to monitor and improve performance and to promote health and safety awareness through training and the distribution of information. The Company's health and safety management system is externally audited and certified to the ISO45001 standard.

#### *Financial Risks*

Liquidity risk – the Company manages its liquidity risk by managing its cash flow requirements. Forecasts of operating performance are regularly updated, and the cash flow forecast derived from this process is used to determine the quantum and the timing of significant non trading cash flows such as capital expenditure and returns to shareholders. In addition the Company maintains a short term funding facility with its bank.

Foreign exchange risk – the Company trades predominantly in Sterling. Where it does have significant exposure to material future cash flows in overseas currencies, typically in relation to capital projects, then it will hedge this risk using forward currency contracts.

On behalf of the Board

C Penson

Director

Date:

## Directors' report

The directors present the report for The Coventry and Solihull Waste Disposal Company Limited (Registered Number: 2690488) for the year ended 31 March 2023.

### Results and dividends

The profit for the year after taxation amounted to £13,795,000 (2022: £9,286,000). The directors have declared an interim dividend of £12,300,000, in respect of the ordinary shares for the year ended 31 March 2023 (2022: £13,725,000) of which £137,000 (2022: £85,000) remained unpaid at the year-end.

### Post balance sheet event

On 27 May 2023 the Company experienced the failure of a key item of equipment. This will have an adverse impact on turnover and profit in the forthcoming financial year but no adjustments have been required in respect of the year ended 31 March 2023. The Company has confirmed that the failure will be covered by insurance subject to the policy excesses and steps have been taken to mitigate the operational impact of this issue and to expedite repairs so that normal operation can be resumed as quickly as possible.

### Environment, health and safety

The Company recognises the importance of its environmental responsibilities and of complying with the Industrial Emissions Directive and the conditions of its Environmental Permit. The Company monitors its impact on the environment through an accredited Environmental Management System, with emissions to land, water and atmosphere under constant surveillance. The directors can report that in the year under review, there were no significant environmental impacts.

### Future developments

The Company intends, based on its long term contracts, to continue the thermal treatment of waste and the generation of electricity. The Company will continue to seek ways of maximising its revenues.

### Going concern

The Company's business activities, its financial position, its financial risk management objectives, and its exposures to liquidity and cash flow risk are described in the Strategic report. The Company has service level agreements with the shareholders until at least 2038 which guarantee that all suitable shareholder waste will be processed by the Company. The Company has updated its forecasts up to the end of July 2024 to take into account the equipment failure on 27 May 2023 and this has enabled it to conclude that it will continue to be profitable and cash generative for the foreseeable future.

The Directors have also considered the potential impact on the business of a major disruptive event, and in particular have assessed the likelihood of it causing severe and prolonged disruption to operations. The Directors have performed this stress testing over the period until the end of July 2024, including considering the impact of being unable to operate the plant leading to reductions in revenue, along with mitigating cost savings and deferrals, and consider that even in the unlikely circumstances of being unable to operate the plant for one year, assuming that its customers would bear the incremental costs of diversion, the Company can still meet its liabilities as they fall due.

On the basis of their assessment of the Company's financial position the Company's directors have a reasonable expectation that the Company will be able to continue in operational existence for the foreseeable future. Thus, they continue to adopt the going concern basis of accounting in preparing the annual financial statements.



## Directors' report (continued)

### Directors

The directors who served the Company during the year were as follows:

K Starkey	
C Penson	
R Gray	(Non-executive)
P Johnson	(Non-executive)
B Hastie	(Non-executive)

### Equal opportunities

The Company recognises that discrimination in the workplace in any form is unacceptable and in most cases unlawful. It is our policy to ensure that all job applicants and employees are treated fairly and without favour or prejudice. We are committed to applying this policy throughout all areas of employment, recruitment and selection, training, development and promotion. In all situations people will be judged solely on merit and ability.

### Employee involvement

The Company endeavours to keep employees informed on matters relevant to them as employees primarily through regular meetings of the Consultative Committee and team briefings.

### Financial instruments

As permitted by the Companies Act, certain items required to be included in the Directors report have been included in the Strategic report.

### Disclosure of information to the auditors

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information, being information needed by the auditor in connection with preparing its report, of which the auditor is unaware. Having made enquiries of fellow directors and the Company's auditor, each director has taken all the steps that he/she is obliged to take as a director in order to make himself/herself aware of any relevant audit information and to establish that the auditor is aware of that information.

### Auditors

Resolutions have been passed to dispense with the need for Annual General Meetings, the laying of financial statements and the annual appointment of auditors. Ernst & Young LLP will continue to be auditors until further notice.

On behalf of the Board

C Penson  
Director  
Date:

## Statement of directors' responsibilities

The directors are responsible for preparing the financial statements in accordance with applicable United Kingdom 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) including Financial Reporting Standard 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;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- provide additional disclosures when compliance with the specific requirements in FRS 102 is insufficient to enable users to understand the impact of particular transactions, other events and conditions on the group and company financial position and financial performance;
- state whether applicable UK Accounting Standards in conformity with the requirements of the Companies Act 2006 have been followed, subject to any material departures disclosed and explained in the financial statements; 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 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.

Under applicable law and regulations, the directors are also responsible for preparing a Strategic report and Directors' report that comply with that law and those regulations. The directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website.

## **Independent auditors' report**

**to the members of The Coventry and Solihull Waste Disposal Company Limited**

### **Opinion**

We have audited the financial statements of The Coventry and Solihull Waste Disposal Company Limited ('the company') for the year ended 31 March 2023 which comprise the Income Statement, the Statement of Comprehensive Income, the Statement of Changes in Equity, the Statement of Financial Position and the Statement of Cash Flows and the related notes 1 to 21, 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 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 company's affairs as at 31 March 2023 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**

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

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for the period until the end of July 2024.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the company's ability to continue as a going concern.

### **Other information**

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

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

## **Independent auditors' report (continued)**

### **to the members of The Coventry and Solihull Waste Disposal Company Limited**

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of the 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 the 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 directors' report have been prepared in accordance with applicable legal requirements.

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

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or 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 statement of directors' responsibilities set out on page 9, 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

## **Independent auditors' report (continued)**

### **to the members of The Coventry and Solihull Waste Disposal Company Limited**

reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

#### ***Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud***

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect irregularities, including fraud. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below. However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the entity and management.

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the company and determined that the most significant are those that relate to the reporting framework (FRS 102 and the Companies Act 2006) and compliance with the relevant direct and indirect tax regulation in the United Kingdom. In addition, the company has to comply with operational and employment laws and regulations including those relating to environmental, health & safety regulations and GDPR.
- We understood how the company is complying with those frameworks by making enquiries of management and those charged with governance to understand how the company maintains and communicates its policies and procedures in these areas. We understood any entity levels controls put in place by management to reduce the opportunities for fraudulent transactions.
- We assessed the susceptibility of the company's financial statements to material misstatement, including how fraud might occur through internal team conversations, enquiries of management and those charged with governance. Through these procedures we determined there to be a risk of management override in relation to the posting of non-standard journals to revenue. We agreed all revenue from the shareholders to third party confirmations and performed substantive analytical review procedures on electricity income. On the remaining revenue balance, in addition to agreeing a sample to source documentation, we investigated any transactions which did not meet our expectations based on specific criteria to gain an understanding and agreed to source documentation.
- Based on our understanding we designed our audit procedures to identify non-compliance with these laws and regulations and to respond to the assessed risks. Our procedures included obtaining and reviewing board minutes, enquires of management and those charged with governance, and agreement of samples of transactions throughout the audit to supporting source documentation.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

#### **Use of our report**

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Lorna McNeil (Senior statutory auditor)

for and on behalf of Ernst & Young LLP, Statutory Auditor

Birmingham

Date:

## Income statement

for the year ended 31 March 2023

	<i>Notes</i>	2023 £'000	2022 £'000
<b>Turnover</b>	2	38,203	31,070
Cost of sales		(14,535)	(12,425)
<b>Gross profit</b>		<u>23,668</u>	<u>18,645</u>
Distribution costs		(26)	(25)
Administrative expenses		(6,774)	(6,555)
<b>Operating profit</b>	3	<u>16,868</u>	<u>12,065</u>
Interest receivable	6	78	5
Other finance costs	7	(27)	(31)
<b>Profit before taxation</b>		<u>16,919</u>	<u>12,039</u>
Tax	8	(3,124)	(2,753)
<b>Profit for the financial year</b>		<u><u>13,795</u></u>	<u><u>9,286</u></u>

All results relate to continuing activities in both the current and prior year.

## Statement of comprehensive income

for the year ended 31 March 2023

	<i>Note</i>	2023 £'000	2022 £'000
<b>Profit for the financial year</b>		13,795	9,286
Actuarial gain on pension scheme	17	1,235	655
Deferred tax relating to actuarial gain on pension scheme	8(b)	(309)	(99)
<b>Total comprehensive income for the year</b>		<u><u>14,721</u></u>	<u><u>9,842</u></u>

## Statement of changes in equity

for the year ended 31 March 2023

	<i>Called up share capital</i>	<i>Profit and loss account</i>	<i>Total share- holders' funds</i>
	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>
At 1 April 2021	1,010	25,964	26,974
Profit for the year	-	9,286	9,286
Actuarial gain on pension scheme	-	655	655
Deferred tax on actuarial gain	-	(99)	(99)
Dividends paid to shareholders (note 15)	-	(13,725)	(13,725)
	<hr/>	<hr/>	<hr/>
At 1 April 2022	1,010	22,081	23,091
Profit for the year	-	13,795	13,795
Actuarial gain on pension scheme	-	1,235	1,235
Deferred tax on actuarial gain	-	(309)	(309)
Dividends paid to shareholders (note 15)	-	(12,300)	(12,300)
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At 31 March 2023	1,010	24,502	25,512
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

## Statement of financial position

at 31 March 2023

	<i>Notes</i>	<i>2023</i> <i>£'000</i>	<i>2022</i> <i>£'000</i>
<b><i>Fixed assets</i></b>			
Intangible assets	9	24	7
Tangible assets	10	22,644	22,021
		<u>22,668</u>	<u>22,028</u>
Stocks	11	77	95
Debtors	12	4,288	4,851
Cash and cash equivalents		17,655	13,823
		<u>22,020</u>	<u>18,769</u>
<b><i>Creditors: amounts falling due within one year</i></b>	13	(16,437)	(14,716)
		<u>5,583</u>	<u>4,053</u>
<b><i>Net current assets</i></b>			
		<u>28,251</u>	<u>26,081</u>
<b><i>Total assets less current liabilities</i></b>			
<b><i>Provision for liabilities</i></b>	8(e)	(2,949)	(2,002)
		<u>25,302</u>	<u>24,079</u>
<b><i>Net assets excluding pension liability</i></b>			
Pension asset/(liability)	17	210	(988)
		<u>25,512</u>	<u>23,091</u>
<b><i>Net assets</i></b>		<u><u>25,512</u></u>	<u><u>23,091</u></u>
<b><i>Capital and reserves</i></b>			
Called up share capital	14	1,010	1,010
Profit and loss account		24,502	22,081
		<u>25,512</u>	<u>23,091</u>
<b><i>Shareholders' funds</i></b>		<u><u>25,512</u></u>	<u><u>23,091</u></u>

Approved on behalf of the board by

K Starkey

Director

Date:



## Statement of cash flows

for the year ended 31 March 2023

	<i>Note</i>	<i>2023</i> £'000	<i>2022</i> £'000
<b><i>Net cash inflow from operating activities</i></b>	16(a)	18,647	12,502
<b><i>Investing activities</i></b>			
Interest received		78	5
Payments to acquire intangible fixed assets		(23)	-
Payments to acquire tangible fixed assets		(4,340)	(4,605)
Receipts from sales of tangible fixed assets		55	-
Movements in current asset investments		-	5,094
		<hr/>	<hr/>
Net cash (outflow)/inflow from investing activities		(4,230)	494
<b><i>Financing</i></b>			
Dividends paid to shareholders		(10,585)	(12,000)
		<hr/>	<hr/>
Net cash outflow from financing activities		(10,585)	(12,000)
		<hr/>	<hr/>
Increase in cash and cash equivalents		3,832	996
Cash and cash equivalents at 1 April		13,823	12,827
		<hr/>	<hr/>
Cash and cash equivalents at 31 March		17,655	13,823
		<hr/> <hr/>	<hr/> <hr/>

## Notes to the financial statements

at 31 March 2023

### 1. Accounting policies

#### *Basis of preparation*

The financial statements of The Coventry and Solihull Waste Disposal Company Limited were approved for issue by the directors on 10 July 2023. The financial statements have been prepared in accordance with the historical cost convention in accordance with the Companies Act 2006. The financial statements are prepared in sterling which is the functional currency of the Company and rounded to the nearest £'000.

#### *Statement of compliance*

The Coventry and Solihull Waste Disposal Company Limited is a limited liability Company incorporated in England. The Registered Office is Bar Lane, Coventry CV3 4AN. The Company's financial statements have been prepared in compliance with FRS 102 as it applies to the financial statements of the Company for the year ended 31 March 2023.

#### *Going concern*

The Company has service level agreements with the shareholders until at least 2038 which guarantee that all suitable shareholder waste will be processed by the Company. The Company has updated its forecasts up to the end of July 2024 to take into account the equipment failure on 27 May 2023 and this has enabled it to conclude that it will continue to be profitable and cash generative for the foreseeable future. The Directors have also considered the potential impact on the business of a major disruptive event, and in particular have assessed the likelihood of it causing severe and prolonged disruption to operations. The Directors have performed this stress testing over the period until the end of July 2024, including considering the impact of being unable to operate the plant leading to reductions in revenue, along with mitigating cost savings and deferrals, and consider that even in the unlikely circumstances of being unable to operate the plant for one year, assuming that its customers would bear the incremental costs of diversion, the Company can still meet its liabilities as they fall due. On the basis of their assessment of the Company's financial position the Company's directors have a reasonable expectation that the Company will be able to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

#### *Judgements and key sources of estimation uncertainty*

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the balance sheet date and the amounts reported for revenues and expenses during the year. The defined benefit pension asset/liability is dependent on an actuarial valuation. The actuarial valuation is based on a number of assumptions including discount rates, inflation, future salary increase, mortality rates, cash commutation and also an estimate of the cessation payment due on exiting the scheme. The valuation is most sensitive to the underlying discount rate, inflation assumptions and the estimation of the cessation payment. As the Company is part of a local authority pension scheme the calculation of the pension assets attributable to the scheme also involves estimation, as they are rolled forward from the last triennial valuation. The company engages external experts in providing guidance over appropriate assumptions to use.

## Notes to the financial statements

at 31 March 2023

### 1. Accounting policies (continued)

#### Significant accounting policies

##### *Intangible fixed assets*

Intangible assets relate to software costs which are capitalised at cost. Intangible assets are amortised on a straight line basis over their estimated useful lives up to a maximum of 20 years.

##### *Tangible fixed assets*

Tangible assets are stated at cost less accumulated depreciation and accumulated impairment losses. Such costs include costs directly attributable to making the asset capable of operating as intended.

Depreciation is provided on all tangible fixed assets, other than freehold land, at rates calculated to write off the cost, less estimated residual value based on prices prevailing at the date of acquisition of each asset evenly over its expected useful life, as follows:

Leasehold land and buildings	-	Life of asset to a maximum of 20 years
Plant and equipment	-	Life of the asset to a maximum of 25 years
Fixtures and fittings	-	3 years

Assets in the course of construction are not depreciated until they are completed and enter service within the business. The carrying value of tangible fixed assets is reviewed for impairment in periods if events or changes in the circumstances indicate the carrying value may not be appropriate.

##### *Revenue recognition*

Revenue is recognised to the extent that the Company obtains the right to consideration in exchange for its performance and services. Revenue is measured at fair value of the consideration received, excluding discounts, rebates, VAT and other sales tax duty. Revenue arising from waste disposal activities is recognised on receipt of the waste. Revenue from electricity generation is recognised at the point of generation. Revenue arising from all other sources is recognised either when the service is rendered or when goods are despatched.

##### *Stocks*

Stocks are stated at the lower of purchase cost and net realisable value.

##### *Cash and short term deposits/current asset investments*

Cash and cash equivalents in the statement of financial position consists of cash balances and short term deposits with an original maturity date of three months or less. Short term deposits with a maturity of over three months are separately disclosed as current asset investments.

##### *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.

##### *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.

##### *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

## Notes to the financial statements

at 31 March 2023

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.

### 1. Accounting policies (continued)

#### *Basic financial liabilities*

Basic financial liabilities, including creditors, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the liability 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.

#### *Corporation tax*

Corporation tax is recognised for the amount payable in respect of the taxable profit for the current or past reporting periods using the tax rates and laws that have been enacted or substantively enacted at the balance sheet date.

#### *Deferred taxation*

Deferred taxation is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or right to pay less or to receive more, tax, with the following exception:

Deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

#### *Pensions*

The Company operates two pension schemes, a defined benefit scheme and a defined contribution scheme.

For the defined benefit scheme, the service cost of providing retirement benefits to employees during the year is charged to the operating profit or loss in the year. The full cost of providing amendments to benefits in respect of past service and gains and losses arising on unanticipated settlements or curtailments are also charged to the operating profit or loss in the year. The net interest element is determined by multiplying the net defined benefit liability by the discount rate, at the start of the period taking into account any changes in the net defined benefit liability during the period as a result of contribution and benefit payments. The net interest is recognised in profit or loss as other finance revenue or cost.

The defined net benefit pension asset/liability in the balance sheet comprises the present value of the defined benefit obligation (using a discount rate based on high quality corporate bonds), less the fair value of plan assets out of which the obligations are to be settled directly. As the company is party to a local government pension scheme, where an exit event is triggered on the last member leaving the scheme, the calculation of the defined benefit obligation is based on the cash-flows paid to members until the expected exit event plus any transfer of assets/or payments at the date of the exit event as required under plan rules. Fair value of plan assets is based on market price information and in the case of quoted securities is the published bid price. The defined benefit scheme is accounted for using methods that rely on actuarial assumptions to estimate costs and liabilities for inclusion in the financial statements. These actuarial assumptions include discount rates, assumed rates of return, salary increases and mortality rates. In the event that the value ascribed to pension assets within a scheme exceeds the value ascribed to pension liabilities, a net pension asset is only recognised if, under the relevant scheme rules, the Company has an unconditional right to a refund once the scheme has settled its liabilities and no scheme members remain.

For the defined contribution scheme, the amount charged to the profit and loss account in respect of pension costs is the contributions payable in the year. Differences between contributions payable in the year and contributions actually paid are shown either as accruals or prepayments in the balance sheet.

## Notes to the financial statements

at 31 March 2023

### 1. Accounting policies (continued)

#### *Operating leases*

Rentals payable under operating leases are charged in the profit and loss account on a straight line basis over the lease term.

#### *Dividends*

Dividends are recorded as distributed once they are approved and paid or a there is a binding obligation for their payment. Dividends are paid either in cash or by off-setting against trade debts.

### 2. Turnover

Turnover, which arises wholly within the United Kingdom, is attributable to one continuing activity, the generation of energy using waste materials as the energy source.

### 3. Operating profit

Turnover, which arises wholly within the United Kingdom, is attributable to one continuing activity, the generation of energy using waste materials as the energy source.

This is stated after charging/(crediting):

	2023	2022
	£'000	£'000
Auditors' remuneration - audit services	40	35
- non-audit services - taxation	12	7
	52	42
	52	42
Depreciation	3,631	3,286
Amortisation	6	15
Profit on disposal of tangible fixed assets	(55)	-
Operating lease rentals - land and buildings	86	86
- plant and machinery	37	28
	52	42

## Notes to the financial statements

at 31 March 2023

### 4. Directors' emoluments

	2023 £'000	2022 £'000
Emoluments	288	297
Pension contributions to money purchase schemes	83	76
	<i>No.</i>	<i>No.</i>
Members of money purchase pension schemes	2	2
In respect of the highest paid director:		
	£	£
Emoluments	126	152
Pension contributions to money purchase schemes	42	26

### 5. Staff costs

	2023 £'000	2022 £'000
Wages and salaries	3,312	3,300
Social security costs	378	361
Other pension costs	906	872
	4,596	4,533

Included in other pension costs are £23,000 (2022: £44,000) in respect of the defined benefit scheme, and £883,000 (2022: £828,000) in respect of the defined contribution schemes.

The average monthly number of employees during the year amounted to 69 (2022: 71). This excludes 3 non-executive directors.

## Notes to the financial statements

at 31 March 2023

### 6. Interest receivable and similar income

	<i>2023</i>	<i>2022</i>
	<i>£'000</i>	<i>£'000</i>
Bank interest receivable	78	5
	<u>          </u>	<u>          </u>

### 7. Other finance costs

	<i>2023</i>	<i>2022</i>
	<i>£'000</i>	<i>£'000</i>
Net interest cost on pension scheme assets and liabilities	(27)	(31)
	<u>          </u>	<u>          </u>

## Notes to the financial statements

at 31 March 2023

### 8. Tax

#### (a) Tax on profit

The tax charge is made up as follows:

	2023 £'000	2022 £'000
<i>Current tax:</i>		
UK corporation tax on the profits for the year	2,697	2,000
Adjustments in respect of previous periods	(211)	(72)
Total current tax	<u>2,486</u>	<u>1,928</u>
<i>Deferred tax:</i>		
Origination and reversal of timing differences	317	243
Adjustment in respect of previous periods	221	76
Effect of changes in tax rate	100	506
Total deferred tax	<u>638</u>	<u>825</u>
Tax on profit (note 8(c))	<u>3,124</u>	<u>2,753</u>

#### (b) Tax included in statement of other comprehensive income

Deferred tax current year charge	309	99
	<u>309</u>	<u>99</u>

#### (c) Factors affecting tax charge for the year

The tax assessed for the year differs from the standard rate of corporation tax in the UK of 19% (2022: 19%). The differences are explained below:

	2023 £'000	2022 £000
Profit before taxation	16,919	12,039
Profit multiplied by standard rate of corporation tax in the UK of 19% (2022: 19%)	3,215	2,287
<i>Effects of:</i>		
Expenses not deductible	(1)	41
Income not taxable	(200)	(85)
Adjustments from previous periods	10	4
Tax rate changes	100	506
Total tax on profit for the year (note 8(a))	<u>3,124</u>	<u>2,753</u>



## Notes to the financial statements

at 31 March 2023

### 8. Tax (continued)

(d) Factors that may affect future tax charges

The main rate of corporation tax for the year was 19% (2022: 19%). The Finance Act 2021 included measures to increase the standard rate of UK corporation tax to 25% with effect from 1 April 2023. The Finance Act 2021 was enacted in June 2021 and accordingly, these rates are applicable to the measurements of deferred tax balances at 31 March 2023. Deferred tax has been measured at the rate it is expected to reverse.

(e) Deferred tax

	2023 £'000	2022 £'000
Pensions	(52)	247
Capital allowances in advance of depreciation	(2,904)	(2,256)
Other timing differences	7	7
Provision for deferred taxation	<u>(2,949)</u>	<u>(2,002)</u>
		£'000
Provision for deferred taxation at 1 April 2022		(2,002)
Adjustment in respect of prior years		(221)
Deferred tax charge to income statement for the period		(417)
Deferred tax charge in SOCI for the period		(309)
Provision for deferred taxation at 31 March 2023		<u><u>(2,949)</u></u>

## Notes to the financial statements

at 31 March 2023

### 9. Intangible fixed assets

	<i>Licence Costs £'000</i>	<i>Software Costs £'000</i>	<i>Total £'000</i>
Cost:			
At 1 April 2022	28	177	205
Additions	-	23	23
Disposals	-	(1)	(1)
At 31 March 2023	28	199	227
Amortisation:			
At 1 April 2022	28	170	198
Provided during the year	-	6	6
Disposals	-	(1)	(1)
At 31 March 2023	28	175	203
Net book value:			
At 31 March 2023	-	24	24
At 31 March 2022	-	7	7

## Notes to the financial statements

at 31 March 2023

### 10. Tangible fixed assets

	<i>Land and Buildings</i>	<i>Plant and Machinery</i>	<i>Fixtures and Fittings</i>	<i>Total</i>
	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>
Cost:				
At 1 April 2022	9,427	63,709	840	73,976
Additions	468	3,727	59	4,254
Disposals	-	(1,442)	(56)	(1,498)
At 31 March 2023	<u>9,895</u>	<u>65,994</u>	<u>843</u>	<u>76,732</u>
Depreciation:				
At 1 April 2022	5,795	45,591	569	51,955
Provided during the year	424	3,093	114	3,631
Disposals	-	(1,442)	(56)	(1,498)
At 31 March 2023	<u>6,219</u>	<u>47,242</u>	<u>627</u>	<u>54,088</u>
Net book value:				
At 31 March 2023	<u>3,676</u>	<u>18,752</u>	<u>216</u>	<u>22,644</u>
At 31 March 2022	<u>3,632</u>	<u>18,118</u>	<u>271</u>	<u>22,021</u>

Tangible fixed assets include £527,000 of assets under construction (2022: £312,000). £211,000 is included in land and buildings and £316,000 in plant and machinery.

The net book value of land and buildings comprises:

	<i>2023</i>	<i>2022</i>
	<i>£'000</i>	<i>£'000</i>
Long leasehold	3,676	3,632

### 11. Stocks

	<i>2023</i>	<i>2022</i>
	<i>£'000</i>	<i>£'000</i>
Raw materials	77	95

## Notes to the financial statements

at 31 March 2023

### 12. Debtors

	2023	2022
	£'000	£'000
Trade debtors	3,953	3,366
Prepayments and accrued income	335	1,485
	<u>4,288</u>	<u>4,851</u>

### 13. Creditors: amounts falling due within one year

	2023	2022
	£'000	£'000
Trade creditors	2,355	2,764
Proposed dividend	137	85
Corporation tax	1,388	1,043
Other taxation and social security	2,754	2,102
Accruals and deferred income	9,803	8,722
	<u>16,437</u>	<u>14,716</u>

### 14. Issued share capital

<i>Allotted, called up and fully paid</i>	<i>No.</i>	<i>2023</i>		<i>2022</i>	
		<i>£</i>	<i>No.</i>	<i>£</i>	<i>No.</i>
'A' Ordinary shares of £1 each	660,000	660,000	660,000	660,000	660,000
'B' Ordinary shares of £1 each	330,000	330,000	330,000	330,000	330,000
'C' Ordinary shares of £1 each	20,000	20,000	20,000	20,000	20,000
		<u>1,010,000</u>		<u>1,010,000</u>	

The 'A', 'B' and 'C' Ordinary shares rank pari passu except in respect of the following:

#### *Income*

Distributable profits may be distributed to the holders of the 'A' ordinary shares and 'B' ordinary shares according to the amounts paid up. No distributions will be made to the holders of the 'C' ordinary shares.

## Notes to the financial statements

at 31 March 2023

### 14. Issued share capital (continued)

#### *Capital*

On a return of capital on liquidation or otherwise, any balance of the assets of the Company remaining after payment of its debts, liabilities and costs of liquidation shall be distributed to the holders of the 'A' ordinary shares and 'B' ordinary shares according to the amounts paid up. No balance shall be distributed to the holders of the 'C' ordinary shares.

### 15. Dividends

	2023	2022
	£'000	£'000
Interim dividend in specie for year settled via trade debts during the year	1,663	1,640
Interim dividend accrued	137	85
Interim dividend for year settled by cash	10,500	12,000
	<u>12,300</u>	<u>13,725</u>

The accrued interim dividend was a legally binding liability and has been paid subsequent to the year end.

## Notes to the financial statements

at 31 March 2023

### 16. Notes to the statement of cash flows

(a) Reconciliation of profit before taxation to net cash inflow from operating activities

	2023	2022
	£'000	£'000
Profit before taxation	16,919	12,039
<i>Adjustments to reconcile profit for the year to net cash from operating activities</i>		
Profit on disposal of fixed assets	(55)	-
Interest receivable	(78)	(5)
Other finance costs	27	31
Depreciation	3,631	3,286
Amortisation	6	15
Pension difference between service cost and contributions	10	20
<i>Working capital movements</i>		
Increase in debtors	(1,100)	(2,216)
Decrease/(increase) in stock	18	(42)
Increase in creditors	1,409	1,825
<i>Taxation</i>		
Corporation tax paid	(2,140)	(2,451)
Net cash inflow from operating activities	<u>18,647</u>	<u>12,502</u>

(b) Cash and cash equivalents

	<i>At 31 March</i>	<i>At 31 March</i>
	2023	2022
	£'000	£'000
Cash at bank and in hand	655	981
Short term deposits	17,000	12,842
Cash and cash equivalents	<u>17,655</u>	<u>13,823</u>

(c) Major non-cash transactions

See note 15 for details of the dividend in specie for the year ended 31 March 2023.

## Notes to the financial statements

at 31 March 2023

### 17. Pension commitments

The Company operates two pension schemes. Those employees with the Company at the transfer of trade on 1 April 1994 continue to be members of the defined benefit scheme. Individuals who became employees following the transfer of trade are members of the Company's defined contribution scheme.

#### *Defined Contribution Scheme*

Contributions made to the defined contribution scheme amounted to £883,000 (2022: £828,000) for the year and are charged to the profit and loss account as incurred.

#### *Defined Benefit Scheme*

Retirement benefits for employees in the defined benefit scheme are funded by contributions from the Company and employees. Payments are made to the West Midlands Pension Fund. This scheme is not available to new employees joining the Company.

The West Midlands Pension Fund is valued every three years by a professionally qualified independent actuary using the projected unit method, the rates of contribution payable being determined by the actuary. The results of the most recent valuation, relating to the Company's share of the assets in the scheme, was conducted at 31 March 2022 by Hymans Robertson (independent actuaries) and has been updated by them to take account of the requirements of FRS 102 in order to assess the liabilities as at 31 March 2023. The employer expects to contribute £16,000 in the year to 31 March 2024.

The Company's share of the assets and liabilities of the scheme at 31 March are:

	2023	2022
	£'000	£'000
<i>Scheme assets at fair value:</i>		
Equities	5,097	5,146
Bonds	1,649	1,690
Property	525	538
Cash	225	307
	<hr/>	<hr/>
Fair value of assets	7,496	7,681
Present value of scheme liabilities	(7,286)	(8,669)
	<hr/>	<hr/>
Pension asset/(liability)	210	(988)
	<hr/> <hr/>	<hr/> <hr/>

## Notes to the financial statements

at 31 March 2023

### 17. Pension commitments (continued)

The amounts recognised in the Income Statement and in the Statement of Comprehensive Income for the year are analysed as follows:

Recognised in the Income Statement:

	2023 £000	2022 £000
Current service cost	(23)	(44)
Recognised in arriving at operating profit	(23)	(44)
Net interest on pension scheme assets and liabilities	(27)	(31)
Recognised in other finance cost	(27)	(31)
Total recognised in the Income Statement	(50)	(75)

Analysis of amount recognised in the Statement of Comprehensive Income (SOCI):

	2023 £000	2022 £000
Return on fund assets in excess of interest	(241)	313
Change in financial assumptions	1,538	296
Change in demographic assumptions	75	66
Experience loss on defined benefit obligation	(137)	(20)
Actuarial gain recognised in the SOCI	1,235	655

	2023 %	2022 %
<i>Main assumptions:</i>		
Rate of increase of salaries	4.00	4.30
Rate of increase of pensions in payment	3.00	3.30
Discount rate	4.75	2.70
Inflation assumptions (CPI)	3.00	3.30
Duration of scheme liabilities (years)	10.00	13.00
Post retirement mortality (years):		
Current pensioners at 65 - male	20.7	21.2
Current pensioners at 65 - female	21.3	23.6
Future pensioners at 65 - male	20.7	22.9
Future pensioners at 65 female	25.1	25.4



## Notes to the financial statements

at 31 March 2023

### 17. Pension commitments (continued)

The post-mortality assumptions allow for expected increases in longevity. The 'current' disclosures above relate to assumptions based on longevity (in years) following retirement at the balance sheet date, with 'future' being that relating to an employee retiring in twenty years' time.

Changes in the present value of the defined benefit obligations are analysed as follows:

	2023	2022
	£'000	£'000
At 1 April	(8,669)	(9,252)
Current service cost	(23)	(44)
Interest cost	(228)	(172)
Change in financial assumptions	1,538	296
Change in demographic assumptions	75	66
Experience gain on defined benefit obligation	(469)	(20)
Member contributions	(4)	(7)
Benefits/transfers paid	494	464
	<u>          </u>	<u>          </u>
At 31 March	(7,286)	(8,669)
	<u>          </u>	<u>          </u>

Changes in the fair value of the plan assets are analysed as follows:

	2023	2022
	£'000	£'000
At 1 April	7,681	7,660
Interest on plan assets	201	141
Employer contributions	13	24
Benefits/transfers paid	(494)	(464)
Returns on assets less interest	(241)	313
Experience gain on defined benefit obligation	332	-
Member contributions	4	7
	<u>          </u>	<u>          </u>
At 31 March	7,496	7,681
	<u>          </u>	<u>          </u>

### 18. Capital commitments

At 31 March 2023 authorised future capital commitments contracted but not provided for amounted to £654,000 (2022: £1,248,000).

## Notes to the financial statements

at 31 March 2023

### 19. Other financial commitments

At 31 March 2023 the Company had future minimum rentals under non-cancellable operating leases as set out below:

	2023		2022	
	<i>Land and buildings</i> £'000	<i>Other</i> £'000	<i>Land and buildings</i> £'000	<i>Other</i> £'000
Within one year	86	41	86	8
In two to five years	345	65	345	2
Over five years	5,606	-	5,693	-
	6,037	106	6,124	10
	6,037	106	6,124	10

### 20. Related party transactions

Coventry City Council, Solihull Metropolitan Borough Council, Warwickshire County Council and Leicestershire County Council are, as shareholders in the Company, considered related parties as defined by FRS 102.33. However, Coventry City Council and Solihull Metropolitan Borough Council as local government bodies have joint control over the Company, and the Company is therefore exempt from having to disclose related party transaction with these shareholders. Related party transaction with Warwickshire County Council and Leicestershire County Council are as follows:

Under contracts negotiated with Warwickshire County Council and Leicestershire County Council, the Company received income for the processing of household and commercial waste amounting to £5,737,000 and £7,238,000 respectively (2022: £5,289,000 and £6,189,000 respectively). The net amounts receivable from Warwickshire County Council and Leicestershire County Council at the year-end were £830,000 and £1,105,000 respectively (2022: £671,000 and £1,031,000 respectively).

### 21. Post balance sheet event

On 27 May 2023 the Company experienced the failure of a key item of equipment. This will have an adverse impact on turnover and profit in the forthcoming financial year but no adjustments have been required in respect of the year ended 31 March 2023. The Company has confirmed that the failure will be covered by insurance subject to the policy excesses and steps have been taken to mitigate the operational impact of this issue and to expedite repairs so that normal operation can be resumed as quickly as possible.