

WE3 Compliance Limited

**Directors' Report and financial
statements**

Registered number 05944262

30 September 2018

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Directors' Report

The directors present their report and financial statements of the company for the year ended 30 September 2018.

Principal activities

The principal activity of the Company was that of a producer compliance scheme for waste electronic and electronic equipment (WEEE).

Business review

During the year the Company recognised turnover of £421,000 (2017: £500,000) and an operating profit of £187,000 (2017: £191,000). The company has net assets at the balance sheet date of £766,000 (2017: £580,000).

Dividends

The directors do not recommend the payment of a dividend (2017: *£nil*).

Political contributions

The Company made no political donations or incurred any political expenditure during the year.

Directors

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

D E Allen
W T Fletcher
P Finnerty

Disclosure of information to auditor

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

Auditor

Pursuant to Section 487 of the Companies Act 2006, RSM UK Audit LLP have been appointed as auditors and will continue in office.

Small companies' regime

The directors' report has been prepared in accordance with provisions applicable to companies subject to the small companies' regime.

By order of the board



W T Fletcher
Director

1a Essex Street
Preston
PR1 1QE

16/11/2019

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

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

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with applicable law and Section 1A of FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (UK Generally Accepted Accounting Practice applicable to Smaller Entities).

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

Independent Auditor's Report to the Members of WE3 Compliance Limited

Opinion

We have audited the financial statements of WE3 Compliance Limited (the 'company') for the year ended 30 September 2018 which comprise the Profit and Loss Account, 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 FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the company's affairs as at 30 September 2018 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 where:

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

Other information

The 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.

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

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 2, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

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.



Karen Musgrave (Senior Statutory Auditor)

For and on behalf of RSM UK Audit LLP, Statutory Auditor
Chartered Accountants
Bluebell House
Brian Johnson Way
Preston
PR2 5PE

21/1/19

Profit and Loss Account
for the year ended 30 September 2018

	<i>Note</i>	2018 £000	2017 £000
Turnover	2	421	500
Cost of sales		(230)	(297)
Gross profit		191	203
Administrative expenses		(4)	(12)
EBITDA		187 44.4%	191 38.2%
Depreciation		-	-
Operating profit	3,4	187	191
Profit on ordinary activities before taxation		187	191
Tax on profit on ordinary activities	6	(1)	(38)
Profit for the financial year		186	153

All amounts relate to continuing operations.

The notes on page 8 to 13 form an integral part of these financial statements.

Balance sheet
as at 30 September 2018

	<i>Note</i>	2018 £000	£000	2017 £000	£000
Fixed assets					
Tangible assets	7		-		-
Current assets					
Debtors	8	1,093		960	
Cash at bank and in hand		18		136	
		<u>1,111</u>		<u>1,096</u>	
Creditors: amounts falling due within one year	9	(345)		(516)	
Net current assets			766		580
Total assets less current assets			766		580
Net assets			766		580
Capital and reserves					
Called up share capital	10		1		1
Profit and loss account			765		579
Shareholders' funds			766		580

The notes on page 8 to 13 form an integral part of these financial statements.

The accounts have been prepared in accordance with the special provisions in part 15 of the Companies Act 2006 relating to small companies and Section 1A of FRS 102 'The Financial Reporting Standard Applicable in the UK and Republic of Ireland'.

These financial statements were approved by the board of directors on 16/11/2019 and were signed on its behalf by:



W T Fletcher
 Director

Company registered number: 05944262

Statement of Changes in Equity

	Called up share capital	Profit and loss account	Total equity
	£000	£000	£000
Balance at 1 October 2016	1	426	427
Profit for the year	-	153	153
Balance at 30 September 2017	1	579	580

	Called up share capital	Profit and loss account	Total equity
	£000	£000	£000
Balance at 1 October 2017	1	579	580
Profit for the year	-	186	186
Balance at 30 September 2018	1	765	766

The notes on page 8 to 13 form an integral part of these financial statements.

Notes

(forming part of the financial statements)

1 Accounting policies

WE3 Compliance Limited (the "Company") is a private company limited by shares and incorporated and domiciled in the UK. The Company is registered in England and Wales.

These financial statements were prepared in accordance with Section 1A of Financial Reporting Standard 102 *The Financial Reporting Standard* applicable in the UK and Republic of Ireland ("*FRS 102*") and the requirements of the Companies Act 2006 as applicable to companies' subject to the small companies regime. The amendments to FRS 102 issued in July 2015 and effective immediately have been applied.

The presentation currency of these financial statements is sterling. All amounts in the financial statements have been rounded to the nearest £1,000.

The Company's ultimate parent undertaking, TH Frag Bidco Limited, includes the Company in its consolidated financial statements. The consolidated financial statements of Recycling Lives Holdings Limited are available to the public and may be obtained from Companies House, Crown Way, Cardiff, CF14 3UZ, United Kingdom.

The Company proposes to continue to adopt the reduced disclosure framework of Section 1A of FRS 102 in its next financial statements.

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

1.1 Measurement convention

The financial statements are prepared on the historical cost basis.

1.2 Going concern

The Company meets its day to day working capital requirements through its existing reserves.

The Company's forecast on project, taking account possible changes in trading performance, show the Company should be able to operate within the level of the current facility.

1.3 Tangible fixed assets

Tangible fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses.

Where parts of an item of tangible fixed assets have different useful lives, they are accounted for as separate items of tangible fixed assets.

The Company assesses at each reporting date whether tangible fixed assets are impaired.

Depreciation is charged to the profit and loss account on a straight line basis over the estimated useful lives of each part of an item of tangible fixed assets. The estimated useful lives are as follows:

Plant and machinery 25% straight line

Depreciation methods, useful lives and residual values are reviewed if there is an indication of a significant change since last annual reporting date in the pattern by which the company expects to consume an asset's future economic benefits.

1.4 Basic financial instruments

Trade and other debtors / creditors

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

1.5 Turnover

Turnover represents net invoiced sales of evidence note and membership fees. Both excluding value added tax.

Turnover relating to evidence notes is recognised in the period in which the waste equipment was processed and the evidence note accepted by the customer. Evidence notes relating to waste equipment processed, but not yet accepted by the customer is held as stock at the year end, with revenue only recognised at the point of acceptance by the customer.

Membership Fees are recognised in the period in which they relate.

1.6 Taxation

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

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

Deferred tax is provided on timing differences which arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in the financial statements. Deferred tax is not recognised on permanent differences arising because certain types of income or expense are non-taxable or are disallowable for tax or because certain tax charges or allowances are greater or smaller than the corresponding income or expense.

Deferred tax is measured at the tax rate that is expected to apply to the reversal of the related difference, using tax rates enacted or substantively enacted at the balance sheet date. Deferred tax balances are not discounted.

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

1.7 Foreign exchange

Transactions in currencies other than the functional currency (foreign currencies) are initially recorded at the exchange rate prevailing on the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the reporting date.

All translation differences are taken to profit or loss.

Notes *(continued)*

2 Turnover

	2018	2017
	£000	£000
Rendering of services	421	500
	<hr/>	<hr/>
Total turnover	421	500
	<hr/> <hr/>	<hr/> <hr/>

	2018	2017
	£000	£000
By geographical market		
United Kingdom	421	500
	<hr/>	<hr/>
Total turnover	421	500
	<hr/> <hr/>	<hr/> <hr/>

3 Auditor's remuneration

Auditor's remuneration:

	2018	2017
	£000	£000
Audit of these financial statements	2	2
	<hr/>	<hr/>

4 Employee Numbers

There were no employees in the current or previous year.

5 Directors' remuneration

The directors did not receive any remuneration from the Company for services provided to the Company during the year. The costs were borne by other group companies who do not attribute service amounts between individual group companies.

Notes *(continued)*

6 Taxation

Total tax expense recognised in the profit and loss account

	2018	2017
	£000	£000
<i>Current tax</i>		
Current tax on income for the period	1	37
	<hr/>	<hr/>
Total tax	1	37
	<hr/> <hr/>	<hr/> <hr/>

	2018	2017
	£000	£000
<i>Current tax</i>		
Recognised in Profit and loss account	1	38
	<hr/>	<hr/>
Total tax	1	38
	<hr/> <hr/>	<hr/> <hr/>

Analysis of current tax recognised in profit and loss

	2018	2017
	£000	£000
UK corporation tax	-	37
Under provision in prior year	1	1
	<hr/>	<hr/>
Total current tax recognised in profit and loss	1	38
	<hr/> <hr/>	<hr/> <hr/>

Notes (continued)

6 Taxation (continued)

Reconciliation of effective tax rate

	2018 £000	2017 £000
Profit for the year	187	153
Total tax expense	-	38
	187	191
Profit excluding taxation	187	191
Tax using the UK corporation tax rate of 19% (2017: 20%)	36	37
Group losses relief surrendered	(36)	-
Under provision in the prior year	1	1
	1	38
Total tax expense included in profit or loss	1	38

Factors that may affect future current tax changes

A reduction in the UK corporation tax rate to 17% (effective 1 April 2020) was substantively enacted on 6 September 2016. This will reduce the company's future current tax charge accordingly.

7 Tangible Fixed Assets

	Plant and machinery £000
Cost	
As at 1 October 2017	8
Additions	-
	8
As at 30 September 2018	8
Depreciation	
As at 1 October 2017	8
Charge for the year	-
	8
As at 30 September 2018	8
Net book value	
As at 30 September 2018	-
As at 30 September 2017	-

Notes (continued)

8 Debtors

	2018 £000	2017 £000
Trade debtors	3	111
Amounts owed by group undertakings	1,028	754
Accrued Income	62	95
	1,093	960
	1,093	960

9 Creditors: amounts falling due within one year

	2018 £000	2017 £000
Trade creditors	10	5
Corporation tax	-	38
Amounts owed to group undertakings	268	269
Taxation and social security	7	14
Accruals and deferred income	60	190
	345	516
	345	516

There is a cross company guarantee in place across all group companies in favour of the main lending bank.

10 Share capital

	2018 £000	2017 £000
<i>Allotted, called up and fully paid</i>		
500 ordinary shares of £2 each	1	1
	1	1

11 Related party relationships and transactions

As permissible under FRS 102, particulars have not been provided for related party transactions entered into between two or more members of a group, provided that any member which is a party to the transaction is wholly-owned by that group.

12 Ultimate parent company and parent company of larger group

The Company is a subsidiary undertaking of Recycling Lives Limited. The ultimate controlling party is TH Frag Bidco Limited.

The largest and smallest group in which the results of the Company are consolidated is that headed by Recycling Lives Holdings Limited, incorporated in England and Wales. The registered office address of Recycling Lives Holdings Limited is Recycling Lives Centre, 1a Essex Street, Preston, PR1 1QE. The consolidated financial statements of this group is available to the public and may be obtained from Companies House, Crown Way, Cardiff, CF14 3UZ, United Kingdom.