

GREENER EALING LTD

**GREENER EALING LTD
ANNUAL REPORT
AND
FINANCIAL STATEMENTS
FOR THE PERIOD ENDED
31ST MARCH 2021**

COMPANY NUMBER 12136927

GREENER EALING LTD

CONTENTS

Company information	3
Strategic report	4
Directors' report	8
Directors' responsibilities statement	10
Independent auditor's report	11
Profit and loss account	15
Statement of financial position	16
Statement of changes in equity	17
Notes to the financial statements	18

GREENER EALING LTD

COMPANY INFORMATION

DIRECTORS:

Alison Reynolds
Kieran Read
Michael Gordon Boulf

COMPANY SECRETARY:

Waterstone Company Secretaries Ltd
Third Floor, 5 St. Bride Street
London
EC4A 4AS
United Kingdom

REGISTERED OFFICE:

Perceval House
14-16 Uxbridge Road
Ealing
London
W5 2HL
United Kingdom

AUDITOR:

Deloitte LLP
Statutory Auditor
3 Victoria Square
Victoria Street
St Albans
AL1 3TF
United Kingdom

GREENER EALING LTD

STRATEGIC REPORT

This is the Strategic Report for Greener Ealing Ltd (the "Company") for the period ended 31st March 2021.

Business review

Since our launch in July 2020, we have ploughed all our efforts into getting things right and delivering the service that the council wants for its residents. This has been a particularly challenging year in which to start a service, so to see the results that we have achieved is quite remarkable.

There has been a significant improvement in performance outcomes across all relevant service areas since the creation of GEL. All set against a challenging set of circumstances.

In its first operational year, GEL has delivered services in extremely challenging circumstances. Mobilisation took place at the peak of the first wave of the Covid-19 pandemic. Therefore, normal transition activities were more complex with uncertainty in regard to workforce availability at all levels, uncertainty of delivery of operational plant and other deliverables to support service provision and corporate systems design. That said, as a result of high levels of management competency, workforce commitment and close working with the parent company, the transition from previous contractor to GEL was remarkably seamless, with no disruption across the relevant universal services.

Our strategy

Greener Ealing Ltd has a clear strategy for growth based on the following pillars: grow our market share, optimise systems and processes and environmental improvements that will position the Company to pursue commercial opportunities over the medium to long term. The main objective of the Company is to deliver contracted services in line with our agreements and within the agreed budget. We continue to look at new markets in the local environment with the potential growth. The Board has approved a growth strategy that seeks to exploit opportunities within the London Borough of Ealing and the local area. The Board has set out a clear risk appetite that will form any future investment opportunities.

Our values set out what we stand for and how we behave at work. These are the basis of how we deliver our vision of being one of the leading environmental service providers in West London.

For Greener Ealing Ltd our approach is:

Customer Comes First – remembering our purpose and doing our very best for the people we serve

Collaborative – with workmates and others – working together

Caring – about the health, safety, welfare and wellbeing of our employees

Committed – delivering services, to innovation, tackling problems and finding better ways of working.

Key performance indicators

It is essential that any business monitors and measures what is important in terms of finance, operational performance and other key activities. The company regularly monitors revenue and costs compared to budget. With revenue being relatively fixed, the main indicators are cost items. Management accounts are produced and reviewed by the Board on a regular basis. An operational performance report, including key financial information, is provided to the shareholder on a regular basis. Budgets are profiled on a monthly basis to reflect seasonality of costs and volumes.

GREENER EALING LTD

Operational KPIs provide an understanding of what is important in terms of overall contract performance and in addition to the immediate service delivery imperatives include wider objectives important to GEL and London Borough of Ealing Council such as environmental performance, resident satisfaction.

Health & Safety

Health & Safety procedures are fundamental to how the business operates and are always at the core of the company's activity. Training, guidance, and resources ensures that the business is not only compliant with regulatory bodies but is operating within the best practice. We act to adapt and respond to the pandemic through revised operating procedures, new PPE including fogging of vehicles and continue to operate within the governance guidance.

Covid-19

The principal activity of Greener Ealing Ltd is waste management which makes up the majority of turnover included in the Profit and Loss Accounts. The outbreak of the pandemic places a risk on the ability of staff to deliver the service. Covid-19 remains a key factor with the contract operating in lockdown for March 2021 but no significant impact on service delivery so far. Numbers of affected staff are monitored and reported daily.

Within the Business Continuity Plan the Company has considered the impact of effect on services due to Covid-19. The plan is reviewed on a regular basis and updated for any changes. The Company fully observes all of the regulations and statutory advice and is fully in touch with specific advice from the waste management industry.

Brexit

Brexit remained the Government's priority with the UK officially leaving the EU and signing a trade deal. The Board and Directors continue to monitor closely the potential implications on our business, including in particular, any potential changes to supply changes and availability of cost of labour as well as any operational and legislative impacts.

This is being evidence with the national crisis of HGV drivers shortage which was in part Brexit related, supply change delays and vehicle delivery timescale. Company responded with competitive market pay rates and sourcing alternative suppliers as required.

There will be Brexit related challenges in the future, but we are confident that we are well positioned to managed through prospective challenges and work to take advantage of the opportunities that may arise.

Climate change

The London Borough of Ealing Council, the Company parent company has declared a Climate Emergency and aims to make Ealing carbon neutral by 2030, taking into account both production and consumption emissions. Greener Ealing Ltd is a key partner in working towards this goal and it will be central to the way that the business operates with an environmental conscience at the forefront of what we do, Greener Ealing aims to be an exemplar in environmental best practice.

The Council's adopted strategy focuses on energy, food systems, green infrastructure, transport and waste. The main aims are to reduce overall waste arising, maximise use of materials and reduce environmental impact of our operations. For Greener Ealing Ltd the emphasis will be on CO2 emission reduction on vehicle and plant equipment. We will develop the carbon reduction plan with specific measures that address fuel usage, route optimisation, vehicle idling within agreed overall target.

GREENER EALING LTD

Principal risks

As part of overall governance, the Company has a number of risk management and internal control procedures to ensure that it manages its risk appropriately at every level within the business, from those specific to individual work tasks, to those for business units.

The Company's risk approach is overseen by the Board, who review the key principal risks and uncertainties, with sustainability and resilience at the heart of most categories.

The Company's key objective is to manage the services contract within the fixed fee budget agreed by the Council. The delivery of services relies on the provision of labour, vehicles and plant. The effective management of directly employed labour and agency staff is key to delivery. Management accounts are produced monthly and reviewed by the Board on a regular basis.

Operational risks also include compliance with legislation such as vehicle operators licencing, environmental legislation, and Health and Safety legislation. A breach in any of these areas could have an adverse impact on the company.

Operational KPIs related to the services provided to the shareholder are also measured on a monthly basis, with targets agreed and performance discussed with the Council.

Directors' statement of compliance with duty to promote the success of the Company

The Directors of the Company must act in accordance with section 172 of the UK Companies Act 2006. The Directors are of the opinion that they have acted fairly and in good faith to promote the success of the Company for the benefits of its members.

The Directors have carried out these duties and have made decisions and undertaken short and long term strategies to maintain its financial performance and position. The Directors continue to recognise the importance of the Company's partnership with all stakeholders, including employees, members, suppliers, customers and the community, as well as maintaining its high standards of business conduct and reputation.

Employees

GEL's Vision is to be recognised as one of the leading environmental service providers in west London and we know that we can only deliver this Vision through each of our employees pulling together.

The health, safety, welfare and wellbeing of our employees is a priority and we have a range of HR policies, approved by the GEL Board, that aim to promote dignity at work, equal opportunities and good working relations based on fairness, equality and inclusiveness. These are reviewed periodically.

We aim to "Nurture and build a diverse and representative workforce which, at all levels, broadly represents the community it serves, enabling it to better meet the service needs of our customers". (GEL Equality and Diversity Policy).

We review workforce profile information annually and report findings and proposed actions to our Board. We have a diverse workforce but a heavy concentration of males to females (94%:6%). We know that the waste/environmental services industry has not traditionally been seen as an attractive career choice for females, but we are trying to encourage more females to consider this, through targeted advertising, being prepared to adapt shift patterns, etc, where this would help.

HR also surveyed female front-line staff on what they believe to be the good and bad points of working for GEL. Generally, the company is viewed favourably and those surveyed confirmed they would be happy to recommend GEL to female associates as a good place to work. We have made slight progress during the past few months (increasing female numbers from 16 to 19) and

GREENER EALING LTD

we will continue our efforts to enhance our gender balance. In terms of senior roles, females and BAME employees are well represented.

Our workforce profile data shows 1.5% indicating that they have a disability, although we accept that this may be higher, as staff may choose, for whatever reason, to not disclose a disability reason. Company's Equalities and Diversity policy outlines that we will guarantee to interview any candidate with a disability who on the basis of their application appears to be able to meet the requirements of the job. We are aware, nevertheless, of our obligations under the Equality Act, and have taken steps to make "reasonable adjustments" to enable employees to continue to work. Training, career development and promotion opportunities are available to all staff. During the past year, we have supported a number of LTS employees who may be classified as having a "disability" under the terms of the Equality Act, to return to work through phased returns, reduced hours and alternative duties. We are keen to continue this support wherever necessary even after the return.

The Company engages with employees throughout the year through multiple communication channels such as face-to-face meetings, calls, recorded vlogs, newsletters, toolbox talks and our employee app, Blink. We also conduct an annual staff engagement survey and report the outcome to the Board. We publish Vision and Values and invite employees to work with us to make the Company one of the Leading Environmental Services companies in west London and across the capital. This is promoted at Induction and throughout the employee lifecycle.

The Company has created its own Training Academy which via Training Facilitators deliver both internal bespoke and externally accredited training schemes and support continued staff development across the complete range of disciplines. Induction refresher training is currently being provided to all staff, which includes reiteration of the company Vision and Values, in terms of expected behaviours, etc. Manager and supervisor training is carried out in house by the HR team. Opportunities for further training, apprenticeships etc, are made available to all.

This report was approved by the Board of directors on 18 February 2022 and is signed on its behalf by:



Michael Gordon Boulton

Chair

18 February 2022

Registered address:

Perceval House
14-16 Uxbridge Road
Ealing
London
W5 2HL
United Kingdom

GREENER EALING LTD

DIRECTORS' REPORT

The directors present their report and the audited financial statements of the Company for the period from 1st July 2020 to 31st March 2021.

Principal activities

The Company's principal activity is to provide waste collection, street cleansing and other maintenance services on behalf of London Borough of Ealing Council.

Results

Profit before taxation for financial period amounted to £43,048 (2020: Loss before taxation - restated of £10,796).

No dividends were paid in the reporting period.

Directors

The directors who served during the period and up to the date of signing the financial statements were:

Alison Reynolds – Non-executive Director

Kieran Read - Non-executive Director

Michael Gordon Boulton - Chair

Directors indemnities

The Company has made qualifying third-party indemnity provisions for the benefit of its directors which were made during the period and remain in force at the date of this report.

The Company holds directors' and officers' liability insurance cover for any claim brought against directors or officers for wrongful acts in connection with their positions.

Credit risk

The Company received majority of its revenue from London Borough of Ealing Council and therefore is not exposed to significant credit risk.

Market risk

The Company is exposed to inflationary cost pressures and the costs are monitored on a regular basis. The directors take appropriate action to mitigate the impact of any unexpected cost variances.

Liquidity risk

In order to maintain liquidity to ensure that sufficient funds are available for ongoing and future operations, the Company will enter into a loan agreement with London Borough of Ealing Council with available loan facility up to £2,500,000.

GREENER EALING LTD

Disabled employees

The statement describing the Company's policy in respect of the employment of disabled persons by the company has been included in the Strategic Report.

Engagement with employees

The statement describing the action that has been taken during the financial year by the company with respect to its engagements with employees has been included in the Strategic Report.

Events since the balance sheet date

There are no significant subsequent events to report until the date of these financial statements.

Disclosure of information to the auditors

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

- So far as each director is aware, there is no relevant audit information of which the Company's auditors is unaware; and
- Each director has taken all of the steps that they ought to have taken as a director in order to make themselves aware of any audit information and to establish that the company's auditor is aware of that information.

Going concern

The company is reliant on the continued financial support of its shareholder, which is expected to continue for the foreseeable future. London Borough of Ealing Council has confirmed via a letter of support its intention to continue to make available funds as are needed by the company for at least 12 months from the date of approval of the financial statements. On this basis, the directors consider it appropriate to prepare the financial statements on the going concern basis.

Auditor

Deloitte LLP (registered office address: Deloitte LLP, 3 Victoria Square, Victoria Street, St Albans, AL1 3TF, United Kingdom) were appointed as auditor during the period.

This report was approved by the Board on 18 February 2022 and signed on its behalf by:



Michael Gordon Boulton

Chair

18 February 2022

GREENER EALING LTD

DIRECTORS' RESPONSIBILITIES STATEMENT

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including FRS 101 "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 year. In preparing these financial statements, the directors are required to:

- Select suitable accounting policies and then apply them consistently;
- Make judgments and accounting 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 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.

We confirm that to the best of our knowledge:

- the financial statements, prepared in accordance with the relevant financial reporting framework, give a true and fair view of the assets, liabilities, financial position and profit or loss of the company and the undertakings included in the consolidation taken as a whole;
- the strategic report includes a fair review of the development and performance of the business and the position of the company and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face; and
- the annual report and financial statements, taken as a whole, are fair, balanced and understandable and provide the information necessary for shareholders to assess the company's position, performance, business model and strategy.

This responsibility statement was approved by the Board of directors on 18 February 2022 and is signed on its behalf by:



Michael Gordon Boulton

Chair

18 February 2022

GREENER EALING LTD

INDEPENDENT AUDITOR'S REPORT TO THE MEMBER OF GREENER EALING LTD

Report on the audit of the financial statements

Opinion

In our opinion the financial statements of Greener Ealing Ltd (the 'company'):

- give a true and fair view of the state of the company's affairs as at 31 March 2021 and of its profit for the period then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 101 "Reduced Disclosure Framework"; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the profit and loss account;
- the statement of financial position;
- the statement of changes in equity; and
- the related notes 1 to 20.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 101 "Reduced Disclosure Framework" (United Kingdom Generally Accepted Accounting Practice).

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 Financial Reporting Council's (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 a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

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

GREENER EALING LTD

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.

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 this gives rise to 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 this other information, we are required to report that fact.

We have nothing to report in this regard.

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 on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Extent to which 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 material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

We considered the nature of the company's industry and its control environment, and reviewed the company's documentation of their policies and procedures relating to fraud and compliance with laws and regulations. We also enquired of management about their own identification and assessment of the risks of irregularities.

We obtained an understanding of the legal and regulatory frameworks that the company operates in, and identified the key laws and regulations that:

GREENER EALING LTD

- had a direct effect on the determination of material amounts and disclosures in the financial statements. These included UK Companies Act, pensions legislation and tax legislation; and
- do not have a direct effect on the financial statements but compliance with which may be fundamental to the company's ability to operate or to avoid a material penalty. These included the UK Bribery Act and UK employment laws.

We discussed among the audit engagement team regarding the opportunities and incentives that may exist within the organisation for fraud and how and where fraud might occur in the financial statements.

As a result of performing the above, we identified the greatest potential for fraud in revenue recognition, and specifically whether revenue had been recognised at the correct amount in accordance with IFRS 15 Revenue from Contracts with Customers. We tested this by making inquiries of management, reviewing a sample of contracts and substantively testing a sample of revenue to documentary evidence.

In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override. In addressing the risk of fraud through management override of controls, we tested the appropriateness of journal entries and other adjustments; assessed whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluated the business rationale of any significant transactions that are unusual or outside the normal course of business.

In addition to the above, our procedures to respond to the risks identified included the following:

- reviewing financial statement disclosures by testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- enquiring of management concerning actual and potential litigation and claims, and instances of non-compliance with laws and regulations; and
- reading minutes of meetings of those charged with governance.

Report on other legal and regulatory requirements

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 the directors' report have been prepared in accordance with applicable legal requirements.

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 any material misstatements in the strategic report or the directors' report.

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required to report in respect of the following matters 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

GREENER EALING LTD

- we have not received all the information and explanations we require for our audit.

We have nothing to report in respect of these matters.

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.



Jonathan Gooding, FCA (Senior Statutory Auditor)
For and on behalf of Deloitte LLP
Statutory Auditor
London, United Kingdom
18 February 2022

GREENER EALING LTD

PROFIT AND LOSS ACCOUNT

For the 9 months period ended 31st March 2021

	Notes	2021 £	Restated 2020 £
Turnover	3	16,190,741	-
Cost of Sales		(12,639,054)	(9,419)
GROSS PROFIT/(LOSS)		3,551,687	(9,419)
Other Operating Income		146,505	-
Administrative Expenses		(3,506,923)	-
OPERATING PROFIT/(LOSS)		191,269	(9,419)
Interest Receivable	8	437	-
Finance Costs	7	(148,658)	(1,377)
PROFIT/(LOSS) BEFORE TAXATION		43,048	(10,796)
Taxation	6	(6,376)	-
PROFIT/(LOSS) FOR THE YEAR		36,672	(10,796)
Gains arising on revaluation of tangible fixed assets		-	-
TOTAL COMPREHENSIVE INCOME/(EXPENSE) FOR THE YEAR		36,672	(10,796)

The Company has no other comprehensive income during the current period and therefore no separate statement to present other comprehensive income has been prepared.

The notes on pages 18-28 form part of these financial statements.

GREENER EALING LTD

STATEMENT OF FINANCIAL POSITION

As at 31st March 2021

	Notes	2021 £	Restated 2020 £
FIXED ASSETS			
Intangible assets	9	727,733	-
Tangible assets	10	7,629,884	555,726
		8,357,617	555,726
CURRENT ASSETS			
Debtors	11	517,190	1
Cash at bank and in hand	12	2,345,438	349,952
		2,862,628	349,953
Creditors: Amounts falling due within one year	13	(5,310,727)	(442,583)
Net current liabilities		(2,448,099)	(92,630)
TOTAL ASSETS LESS CURRENT LIABILITIES		5,909,518	463,096
Creditors: Amounts falling due after more than one year	14	(5,883,641)	(473,891)
NET LIABILITIES		25,877	(10,795)
CAPITAL AND RESERVES			
Called up share capital	17	1	1
Profit and loss account		25,876	(10,796)
SHAREHOLDER'S FUNDS		25,877	(10,795)

The financial statements of Greener Ealing Ltd (registered number 12136927) were approved by the Board and were signed on their behalf by:



Michael Gordon Boulton

Chair

18 February 2022

GREENER EALING LTD

STATEMENT OF CHANGES IN EQUITY

For the period ended 31st March 2021

	Called up share capital £	Profit and loss account £	Total capital and reserves £
Balance as at 2nd August 2019	-	-	-
Shares issued in the year	1	-	1
Loss and total comprehensive expense for the period (Restated)	-	(10,796)	(10,796)
Balance as at 30th June 2020 (Restated)	1	(10,796)	(10,795)
Profit and total comprehensive income for the period	-	36,672	36,672
Balance as at 31st March 2021	1	25,876	25,877

NOTES TO THE FINANCIAL STATEMENTS

For the period ended 31st March 2021

1. GENERAL INFORMATION

Greener Ealing Ltd is a private limited company by shares incorporated in the United Kingdom under the Companies Act 2006 and is registered in England and Wales. The address of the Company's registered office is shown on page 3.

The company main activities are to deliver waste, recycling, street cleaning, grounds maintenance and associated services to the residents of London Borough of Ealing.

2. ACCOUNTING POLICIES

The financial statements have been prepared in accordance with Financial Reporting Standard 101 (FRS 101) and in accordance with applicable accounting standards.

The financial statements for 2021 have been prepared for the 9 months period ending 31st March 2021 to align the accounting year end with the parent company. The prior period was 11 months period, to 30th June 2020. The amounts presented in the financial statements are not entirely comparable.

The financial statements are presented in sterling, which is the functional currency of the Company and rounded to the nearest £'000.

The financial statements have been prepared under the historical cost convention. The principal policies adopted are set out below.

As permitted by FRS 101, the company has taken advantage of the following disclosure exemptions from the requirements of IFRS:

- IFRS 2 Share-based payments paragraph 45(b), 46 - 52
- IFRS 7 Financial Instruments: disclosures
- IAS 1 Presentation of financial statements paragraph 10(d), 111, 134 - 136
- IAS 7 Statement of cash flows
- IAS 24 Related party disclosure paragraph 17
- IAS 36 Impairment of assets paragraph 134 and 135

2.1. Adoption of new and revised standards

The following standards became applicable for the current reporting period:

- **Financial Reporting Standard 101 (FRS 101)**

The Company has adopted FRS 101 in the current financial period. The financial statements for previous financial period were prepared under FRS 102 and the details of restatement can be found in note 2.

- **IAS19 Employee benefits**

Short term employee benefits are those due to be settled within 12 months of the year-end. They include such benefits as wages and salaries, paid annual leave, paid sick leave and bonuses are recognised as an expense for services in the year these occur in. An accrual is made for the costs of holiday entitlements earned by employees but not taken before the year-end which employees can carry forward into the next financial year.

GREENER EALING LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the period ended 31st March 2021

The Local Government Scheme is accounted for as a defined benefits scheme. The liabilities of the company pension fund are included in the Balance sheet on an actuarial basis using the projected unit method.

• IFRS 16 Leases

IFRS16 introduces new requirements with respect to lease accounting changes to lessee accounting by removing the distinction between operating and finance lease and requiring the recognition of a right-of-use asset and a lease liability at commencement for all leases.

The date of initial application of IFRS 16 for the company is 2nd August 2019.

The lease liability has been recognised at a value equal to the present value of the remaining lease payments, discounted at the interest rate implicit in the lease. A right-of-use asset has been recognised equal to the lease liability.

Financial impact of the initial application of IFRS 16

Impact on profit/(loss) for the period

	2020	2021
	£	£
Increase in depreciation of right-of-use asset	(9,419)	(1,325,007)
Increase in finance costs	-	(96,365)
Decrease in other operating expenses	201	1,382,954
Increase in loss for the year	(9,218)	(38,418)

Impact on assets, liabilities and equity as at 30th June 2020

	IFRS 16 adjustments	As restated
	£	£
Right-of-use assets	555,725	555,725
Lease liabilities	(555,278)	(555,278)
Net impact on net assets	447	447
Retained earnings	(9,419)	(9,419)

Impact on assets, liabilities and equity as at 31st March 2021

	IFRS 16 adjustments	As restated
	£	£
Right-of-use assets	7,498,949	7,498,949
Lease liabilities	(7,536,919)	(7,536,919)
Net impact on net assets	(37,970)	(37,970)
Retained earnings	(28,999)	(28,999)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the period ended 31st March 2021

2.2. Critical accounting estimates and judgments

The presentation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for revenues and expenses during the year and the amounts reported for the assets and liabilities at the statement of financial position date. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. The nature of estimation means that the actual outcomes could differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the year in which the estimate is revised, if the revision affects only that year, or in the year of the revision and future years if the revision affects both current and future years.

The directors have determined that there are no critical accounting estimates or judgements that affect the amounts reported in these financial statements.

2.3. Going concern

The directors have prepared cash flow forecasts for a period of eighteen months from the date of approval of these financial statements which indicate that, taking account of reasonably possible downsides, the company will have sufficient funds, through funding from the London Borough of Ealing, to meet its liabilities as they fall due for that period.

London Borough of Ealing Council has confirmed via a letter of support its intention to continue to make available funds as are needed by the company for at least 12 months from the date of approval of the financial statements.

2.4. Revenue recognition

Revenue in respect of goods and services provided is recognised when performance obligations are satisfied by transferring promised goods/services to the customer and is measured at the amount of the transaction price allocated to those performance obligations. At the year end, the Company accrues income relating to performance obligations satisfied in that year. Where the Company entitlement to consideration for those goods or services is unconditional a contract receivable will be recognised. Where entitlement to consideration is conditional on a further factor other than the passage of time, a contract asset will be recognised. Where consideration received or receivable relates to a performance obligation that is to be satisfied in a future period, the income is deferred and recognised as a contract liability.

2.5. Trade and other receivables

Trade receivables are amounts due from customers for merchandise sold or services performed in the ordinary course of business.

Trade receivables are measured initially at fair value and subsequently measured using the expected credit loss model at amortised cost less provision for impairment.

2.6. Cash and cash equivalents

Cash is represented by cash on hand and demand deposit. Cash equivalents are highly liquid investment 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. The definition is also used for the statement of cash flows.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the period ended 31st March 2021

2.7. Financial instruments

Financial assets and liabilities are recognised on the statement of financial position when the Company becomes a party to the contractual provisions of the instruments.

Financial Assets

Amounts owned by group undertakings and other trade receivables are initially recognised at fair value and subsequently carried at amortised cost, reduced by any appropriate allowances for unrecoverable amounts. Cash comprises of cash held in the bank.

Financial Liabilities

The Company's financial liabilities consist of shareholder borrowing, accruals and trade and other payables. All of which are initially recognised at fair value and subsequently carried at amortised cost.

2.8. Trade and other payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities.

Trade and other payables are measured at fair value, and subsequently at amortised costs. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

2.9. Intangible assets – computer software

Intangible assets represent investment in Company's information software. Amortisation is provided on a straight – line basis.

Computer Software	5 years
-------------------	---------

2.10. Tangible fixed assets

Tangible fixed assets are stated at cost, net of depreciation. Depreciation is provided on all tangible fixed assets on a straight- line basis.

Leased Motor Vehicles	5 years
Leased Plants	5 years
Motor Vehicles	5 years
Plants	5 years
Computer Hardware	5 years
Property Refurbishment	5 years

2.11. Leases

The Company recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. The lease liability is

GREENER EALING LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the period ended 31st March 2021

subsequently measured by increasing the carrying amount to reflect interest on the lease liability and by reducing the carrying amount to reflect the lease payments made.

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day, less any lease incentives received and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Right-of-use assets are depreciated over the lease term of the assets. The depreciation starts at the commencement date of the lease.

2.12. Share capital

Ordinary shares are classified as equity. Equity instruments are measured at the fair value of the cash or other resources received or receivable, net of the direct costs of issuing the equity instruments.

2.13. Taxation

The tax expense represents the sum of the tax currently payable.

Current and deferred tax are recognised in profit and loss, except when they relate to items that are recognised in other comprehensive income and directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively. Where current tax or deferred tax arises from the initial accounting or a business combination, the tax effect is included in accounting for the business combination.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other year and it further excludes items that are never taxable or deductible. The company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

3. Turnover

Turnover arises from the provision of waste collection, street cleansing and related services within the UK.

The following categories of revenue were recognised in the 9 months period:

	2021 £	2020 £
Contractual Service Income	15,609,849	-
Additional Service Income	580,892	-
	16,190,741	-

All revenue has arisen in the United Kingdom.

4. Auditor's remuneration

Fees payable to the company's auditor for the audit of the company's financial statements for 2021 are £34,300 (2020: £43,240 paid by the parent company).

GREENER EALING LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the period ended 31st March 2021

5. Employees

The average number of staff employed by the group during the 9 months financial period amounted to:

	2021 Number	2020 Number
Operational	295	-
Management and administration	14	-
	309	-

The aggregate payroll costs of the above for the 9 months period were:

	2021 £	2020 £
Wages and salaries	7,240,278	-
Social security costs	687,601	-
Other pension costs	483,875	-
	8,411,754	-

6. Taxation

The tax charge for the period is:

	2021 £	2020 £
Current tax Result	-	-
Current tax on profit/(loss) for the period	-	-
Total Current Tax Result	-	-
Deferred Tax Result	-	-
Origination and reversal of temporary differences	6,376	-
Total Deferred Tax Result	6,376	-
Total Tax Result	6,376	-

The reason for the difference between the actual tax charge for the year and the standard rate of corporation tax in the UK of 19% applied to profits for the year are as follows:

	2021 £	Restated 2020 £
Profit/(Loss) before tax	43,048	(10,796)
Expected tax charge/(credit) based on the standard rate of United Kingdom corporation tax at the domestic rate of 19%	8,179	(2,051)
Effects of unused tax losses and attributes not recognised as deferred tax assets	(1,803)	1,803
Items not tax deductible	-	249
Total Tax Result	6,376	-

GREENER EALING LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the period ended 31st March 2021

The UK tax rate for the year ended 31 December 2020 is 19%. The reversal of a planned reduction to 17% was enacted in 2020, and therefore the rate used for deferred tax balances for 2021 is 19% (2020: 19%).

In the Spring Budget 2021, the Government announced that from 1 April 2023 the proposed corporation tax rate will increase to 25%. At the balance sheet date, the proposal to increase the rate to 25% had not been substantively enacted, substantive enactment occurred on 24th May 2021, therefore, its effects are not included in these financial statements. However, it is likely that the overall effect of the change, had it been substantively enacted by the balance sheet date, would be to increase the tax expense for the period by £2,500, to increase the deferred tax liability by £2,500.

7. Interest payable and financing costs

Interest payable and financing costs for the 9 months period were:

	2021 £	2020 £
Interest payable on loans	51,578	1,309
Interest payable on lease liabilities	96,365	-
Other finance costs	715	68
	148,658	1,377

8. Interest receivable

Interest receivable for the 9 months period was:

	2021 £	2020 £
Interest receivable on bank deposits	(437)	-
	(437)	-

9. Intangible assets

	Computer Software £	TOTAL £
Cost		
At 1st July 2020	-	-
Additions	845,162	845,162
At 31st March 2021	845,162	845,162
Amortisation		
At 1st July 2020	-	-
Charge for the period	117,429	117,429
At 31st March 2021	117,429	117,429
Net book value at 30 June 2020	-	-
Net book value at 31st March 2021	727,733	727,733

GREENER EALING LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the period ended 31st March 2021

The intangible fixed assets are secured by loan facilities of £2,500,000 which are secured by debenture, in place from 23 July 2021. The facilities and debenture agreement are with the company's parent the London Borough of Ealing Council.

10. Tangible fixed assets

	<u>Right-of-use assets</u>						
	Motor Vehicles £	Plant £	Motor Vehicles	Plant £	Computer Hardware £	Property £	TOTAL £
Cost							
At 1st July 2020 - Restated	565,145	-	-	-	-	-	565,145
Additions	7,580,019	688,211	26,800	91,617	17,747	13,902	8,418,296
At 31st March 2021	8,145,164	688,211	26,800	91,617	17,747	13,902	8,983,441
Depreciation							
At 1st July 2020 - Restated	9,419	-	-	-	-	-	9,419
Charge for the period	1,221,775	103,232	2,821	12,996	2,303	1,011	1,344,138
At 31st March 2021	1,231,194	103,232	2,821	12,996	2,303	1,011	1,353,557
Net book value at 30 June 2020	555,726	-	-	-	-	-	555,726
Net book value at 31st March 2021	6,913,970	584,979	23,979	78,621	15,444	12,891	7,629,884

The Company has taken motor vehicles and plant on lease from London Borough of Ealing Council. The lease term is 5 years of which 4 years of lease is remaining. As at 31st March 2021 the net book value of right-of-use assets was £7,498,949.

The tangible fixed assets are secured by loan facilities of £2,500,000 which are secured by debenture, in place from 23 July 2021. The facilities and debenture agreement are with the company's parent the London Borough of Ealing Council.

11. Debtors

	2021 £	2020 £
Amounts falling due within one year		
Trade debtors	16,328	-
Amounts owed from parent company	53,483	1
Prepayments	273,583	-
Accrued Income	173,796	-
	517,190	1

The amounts owed from parent company are unsecured, interest free and have no fixed date of repayment.

12. Cash at bank and in hand

	2021 £	2020 £
Cash at Bank	1,995,438	349,952
Short Term Deposit	350,000	-
	2,345,438	349,952

GREENER EALING LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the period ended 31st March 2021

13. Creditors: amounts falling due within one year

	2021 £	Restated 2020 £
Trade creditors	2,210,100	1,329
Amount owed to parent company	1,368,712	-
Taxation (note 6)	6,376	-
Loan with parent company	-	350,000
Lease liabilities (note 15)	1,725,539	91,254
	5,310,727	442,583

The amount owed to parent company is a result of start-up costs incurred by the parent company. These costs are chargeable to the Company. The Company repaid the borrowed money market loan of £350,000 from London Borough of Ealing Council on 31st March 2021.

Amount owed to parent company are unsecured, interest free and have no fixed date of repayment.

14. Creditors: amounts falling due after more than one year

	2021 £	Restated 2020 £
Lease liabilities (note 15)	5,811,380	473,891
Other creditors	72,261	-
	5,883,641	473,891

15. Lease liabilities

	Restated		Restated	
	Minimum lease payments		Present value of minimum lease payments	
	2021 £	2020 £	2021 £	2020 £
Minimum lease payments				
Within one year	1,843,938	98,665	1,725,539	91,254
1-2 years	1,843,938	118,398	1,756,011	110,341
2-3 years	1,843,938	118,398	1,786,924	112,453
3-4 years	1,843,938	118,398	1,818,636	114,601
4-5 years	451,120	138,085	449,809	136,496
	7,826,872	591,944	7,536,919	565,145
Less: future finance charges	(289,953)	(26,799)	-	-
Present value of lease obligations	7,536,919	565,145	7,536,919	565,145

GREENER EALING LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the period ended 31st March 2021

Lease liabilities are classified based on the amounts that are expected to be settled within the next 12 months and after more than 12 months from the reporting date.

The lease liability balances are attributed to London Borough of Ealing Council.

16. Retirement benefit schemes

Defined contribution scheme

The Company operates defined contribution retirement benefit schemes for all qualifying employees. During the period the Company paid contribution of £280k to defined contribution scheme.

Defined benefit scheme

The Company participates in a group defined benefit scheme for qualifying employees. The employer contribution rate is 23.9%. The calculation for the disclosures is based on an actuarial valuation of the scheme as at 31st March 2021 by a qualified independent actuary.

The Local Government Pension Scheme has been estimated by Mercer Limited, an independent firm of actuaries. The main assumptions used by the actuary to calculate scheme liabilities of the Company were;

	2021 % p.a	2020 % p.a
CPI Inflation	2.70%	2.60%
Rate of increase in salaries	3.95%	4.10%
Rate of increase in pensions in payment	2.80%	2.70%
Discount rate	2.10%	1.60%

The average future life expectancies at age 65 are as follows:

	2021	2020
Current pensioners (years)	23.0	22.9
Future pensioners (years)	24.7	24.5

The estimation of the defined benefit obligation is sensitive to the actuarial assumptions. These assumptions have led to the amounts determined as the Company's defined benefit obligations for the reporting period. However, the actual outcome may vary. Changes in market conditions that result in changes in the net discount rate can have a significant impact on the value of the liabilities reported. There is also uncertainty around life expectancy of the UK population. The value of current and future pension benefits will depend on how long they are assumed to be in payment.

An analysis of the defined benefit cost follows:

Analysis of the amount charged to profit and loss

	2021 £	2020 £
Administrative expenses	4,000	-
Current service cost	231,000	-
Net interest cost	(1,000)	-
Remeasurements (liabilities & assets)	(30,000)	-
Pension expense recognised in the profit and loss account	204,000	-

GREENER EALING LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the period ended 31st March 2021

Analysis of changes in plan assets during the year

	2021 £	2020 £
Fair value of plan assets at the beginning of the year	-	-
Interest on planned assets	1,000	-
Administrative expenses	(4,000)	-
Remeasurements (assets)	10,000	-
Contributions by employers	131,739	-
Contributions by members	35,166	-
Fair value of the plan assets at the end of the year	173,905	-

Analysis of changes in benefit liabilities during the year

	2021 £	2020 £
Benefit obligation at beginning of period	-	-
Current service costs	231,000	-
Remeasurements (liabilities)	(20,000)	-
Contributions by members	35,166	-
Benefit obligation at the end of the year	246,166	-

17. Share capital

	2021 £	2020 £
<u>Allotted, called up and fully paid</u>		
1 Ordinary share of £1 (2020: £1 each)	1	1
	1	1

18. Related party transactions

Related party transactions comprise of Chair fees of £8,750 (2020: nil).

19. Controlling party

The immediate and ultimate parent undertaking is the London Borough of Ealing Council.

The only group and therefore the largest and smallest undertaking in which the company's results are consolidated is that headed by London Borough of Ealing Council. Copies of the consolidated Statement of Accounts of London Borough of Ealing Council can be obtained from the registered office at 4th Floor, Perceval House, 14 – 16 Uxbridge Road, London, W5 2HL which is also the registered office of the London Borough of Ealing Council.

20. Subsequent events

There are no significant subsequent events to report until the date of these financial statements.