

South East Environmental Services Limited

Report and Financial Statements

**For the financial year ended
31st March 2021**

**Company Registration Number: 11545729
(England and Wales)**

These accounts have been treated as exempt from audit.

South East Environmental Services Limited

Contents of the Annual Report	Page
Company Information	3
Directors' Report.....	4
Directors' Responsibilities Statement.....	6
Statement of Profit or Loss and other Comprehensive Income	7
Balance Sheet	8
Statement of Changes in Equity	10
Notes to the Financial Statements	11

Company Information

Board Directors

Tony Freebody (Resigned 7th August 2020)
Ian Fitzpatrick
Jonathan Dow (Chair)
Robert Smart (Appointed 7th August 2020)
David Tutt
Timothy Whelan

Company Secretary

Jane McCarthy-Penman

Registered Office

Town Hall
Grove Road
Eastbourne
East Sussex
BN21 4UG
United Kingdom

Company Registration Number: 11545729

Bankers

Lloyds Bank plc
City Office
PO Box 1000
GILLINGHAM
Kent
BX1 1L

South East Environmental Services Limited

Directors' Report

For the Year Ended 31st March 2021

The Directors present their annual report and financial statements for the twelve (12) months to 31st March 2021.

Principal Activities

The principal activity of the Company is the delivery of Waste Services for the Eastbourne Borough.

Results

The result for the twelve (12) months of operation to 31st March 2021 are set out on page 7 - 21 also, no dividend payment has been proposed.

Future Developments

We are appraising the viability of Alternative Weekly Collections (AWC) for residual waste, to gain operational and cost efficiencies, enhance recycling tonnages and reduce the Carbon Footprint via a significant reduction in road miles travelled.

We are exploring an integrated approach to weed control, based on a variety of manual and cultural maintenance approaches to reduce chemical (Glyphosate) usage as well as a reduction in the frequency of applications in the year, therefore reducing the Company's environmental impact.

We are considering Trade opportunities within the Borough that are competitive against the larger and more established Commercial Waste entities, starting with servicing Eastbourne Borough Councils corporate premises.

We support Eastbourne Borough Council's Neighbourhood First division with a proactive programme of education and enforcement to drive improvements in resident behaviour and with it reducing antisocial environmental issues.

Employees

On average, there are a total of 102 employees, split as below

- Management, including office employees – 7
- Workshop employees – 2
- Street Cleansing employees – 38
- Refuse, Recycling and Garden Waste employees – 55

There has been a very proactive approach to the management of all HR issues, wholly supported by Head of HR and our HR Business Partner, which has resulted in a significant reduction of short term sickness absence leading to a reduction in over reliance on agency staff as well as a turnover in core staff who have either resigned or were dismissed.

There is an equally proactive approach to Health and Safety with monthly SEESL Committee Meetings and Bi Annual Environment First wide Committee Meetings, galvanising all policies, procedures and practises into a routine systematic approach, supported by Eastbourne Borough Councils Health & safety Specialist Advisor.

Annual Report 2020/21

Mission and Vision

To deliver an excellent service to the residents of Eastbourne

- i. To reduce our Carbon Footprint
- ii. To maximise our digital capacity affording real time information.
- iii. To support the council in fiscal challenges through efficiency savings.
- iv. To support the council in fiscal challenges through revenue generation.
- v. To develop a strong brand both locally and regionally.

Principal Risks and Uncertainties

SEESL is committed to adapt to unknown challenges as they arise. The Company is currently aware of the below risks and uncertainties which are under continuous consideration and review.

There are long term challenges due to the impact of Covid19 in respect of:

Government direction

- Fiscal challenges based on the above as well as the client/councils budget position
- Supply chain challenges in terms of stock availability, delivery and cost

The Alternative Weekly Collection proposal was approved post year end, on 10th February 2021. The Company's efficiency savings will be monitored throughout the year.

We await Defra direction in respect of Food Waste recycling where it is likely to be made a mandatory requirement but not Government funded, dependent upon the decision surrounding The Environment Bill, 2020 which may impact the Company's service and financial requirements.

The government may mandate Garden Waste collections as a 'Free Service'. Whilst they have cited this would be supported by a "New Burdens" fund, details of this are not yet defined.

We do not anticipate but appreciate that changes may be imposed by the Waste Disposal Authority (ESCC) in their service offering to us and/or related costs.

There is risk of increasing cost of Environment Crime issues (Fly-tipping, Graffiti and Domestic Waste Contamination), noting quarter 1 and 2 stats for 2020/21 are significantly greater than same period in 2019/20.

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Jonathan Dow
Director

South East Environmental Services Limited

Directors' Responsibilities Statement

For the Year Ended 31st March 2021

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, the Directors have elected to prepare the financial statements in accordance with the United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law, 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 and loss of the company for that period. In preparing these financial statements, the Directors are required to:

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

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time, the financial position of the Company and enable them to ensure that the financial statements comply with the Companies' Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the website, which is shared with Eastbourne Borough Council and Lewes District Council. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Annual Report 2020/21

Statement of Profit or Loss and other Comprehensive Income for the year ended 31st March 2021

	Year Ended 31 March 2021 £	Year Ended 31 March 2020 £
Turnover	4,271,859	3,359,907
Other operating expenses	(4,239,617)	(3,312,959)
Operating profit	<u>32,242</u>	<u>46,948</u>
Interest receivable	39	1,905
Interest payable and similar charges	(32,280)	(32,243)
Profit before taxation	<u>(0)</u>	<u>16,610</u>
Taxation	(3,734)	
Profit for the period	<u>(3,734)</u>	<u>16,610</u>

South East Environmental Services Limited

Balance Sheet

As at 31 March 2021

	Notes	Year Ended 31 March 2021 £	Year Ended 31 March 2020 £
Fixed assets			
Tangible assets	4	1,182,189	1,506,984
Current assets			
Debtors	5	210,440	380,514
Stocks	6	24,274	34,025
Cash at bank and in hand		695,513	408,880
		<u>930,227</u>	<u>823,420</u>
Creditors: amounts falling due within one year	7	<u>(854,539)</u>	<u>(913,794)</u>
Net current assets		75,688	(90,374)
Net assets excluding pension liability		<u>1,257,877</u>	<u>1,416,612</u>
Creditors: amounts falling due in more than one year	8	1,245,000	1,400,000
Net assets		<u><u>12,877</u></u>	<u><u>16,612</u></u>
Capital and reserves			
Called up share capital	9	2	2
Profit and loss reserves	10	(3,734)	16,610
Retained Earnings		16,610	
Total equity		<u><u>12,877</u></u>	<u><u>16,612</u></u>

Annual Report 2020/21

These financial statements have been prepared in accordance with the provisions applicable to the companies subject to small companies' regime.


For the year ending 31st March 2021, the company was entitled to exemption from audit under section 477 of the Companies Act 2006 relating to small companies.

The members have not required the company to obtain an audit of its accounts for the year in question in accordance with section 476.

The directors acknowledge their responsibilities for complying with the requirements of the Act with respect to accounting records and the preparation of accounts.

These accounts have been prepared in accordance with the provisions applicable to companies subject to the small companies' regime.

The financial statements were approved by the Board of Directors and authorised for issue on the 8th October 2021 and signed on its behalf by:

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Jonathan Dow
Director

South East Environmental Services Limited

Statement of Changes in Equity

For the Year Ended 31st March 2021

	Profit and loss reserves
	£
Balance at 1 April 2020	16,610
	<hr/>
Year End 31 Mar 2021:	
Profit for the period	(3,734)
Other comprehensive income:	-
Actuarial gains on defined benefit plans	<hr/> -
Total comprehensive income for the year	(3,734)
	<hr/>
Balance at 31 MAR 2021	<u><u>12,875</u></u>

Notes to the Financial Statements

for the year ended 31st March 2021

1. Accounting Policies

Company information

South East Environmental Services Limited is a private company limited by shares incorporated in England and Wales. The registered office is Town Hall, Grove Road, Eastbourne, East Sussex, BN21 4UG.

Accounting Convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006 (s382) as applicable to companies subject to the small companies' regime. The disclosure requirements of section 1A of FRS 102 have been applied other than where additional disclosure is required to show a true and fair view.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £.

Going Concern

South East Environmental Services Limited has the continued support of Eastbourne Borough Council, its parent company as confirmed in writing. The Directors therefore have no reason to believe that the company will not be able to meet its liabilities for the 12 months from the approval of the financial statements and have prepared the accounts on the going concern basis.

Turnover

Turnover is recognised as the fair value of the consideration received or receivable for the goods and services net of VAT and trade discounts.

Tangible Fixed Assets

Fixed assets are stated at historical cost less accumulated depreciation. Depreciation is provided evenly on the cost of tangible fixed assets, to write them down to their estimated residual values over their expected useful lives.

<u>Assets</u>	<u>Useful Lives</u>	<u>Depreciation Basis</u>
Motor vehicles	2 - 10 years	Straight line
Plant & Equipment	2 - 4 years	Straight line
Premises	3 - 20 years	Straight line

Residual value is calculated on prices prevailing at the reporting date, after estimated costs of disposal, for the asset as if it were at the age and in the condition expected at the end of its useful life.

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is credited or charged to profit or loss.

The Company holds assets on behalf of Eastbourne Borough Council to the value of £25,300. These stocks are held on behalf of the Council for distribution upon request.

<u>Stock</u>	<u>Value</u>
240 Litre Bins	£1,000
Covid related PPE and cleansing equipment	£24,300

Cash and Cash Equivalents

Cash and cash equivalents include cash in hand and at bank.

South East Environmental Services Limited

Notes to the Financial Statements (continued) for the year ended 31st March 2021

Financial Instruments

Financial instruments are recognised when the company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Financial assets are classified into specified categories. The classification depends on the nature and purpose of the financial assets and is determined at the time of recognition.

Basic financial assets, which include trade and other receivables 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.

Inventory is measured at the lower of cost or net realisable value. Stock held by The Company is held for use by the Company, not for resale.

Loans and Receivables

Trade debtors, loans and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as 'loans and receivables'. Loans and receivables are measured at amortised cost using the effective interest method, less any impairment.

Interest is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial. The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating the interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the debt instrument to the net carrying amount on initial recognition.

Impairment of financial assets

Financial assets 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 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.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been, had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

Notes to the Financial Statements (continued) for the year ended 31st March 2021

De-recognition of Financial Assets

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the company transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

Financial Liabilities

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

Disclosure of Prior Period Error

It is discovered that the loan liability to the parent (Eastbourne Borough Council) was understated by £155,000 in effect, the long term liability was understated by the said amount while the current liability was overstated by the same amount.

As this error only affects 2021/20 financial year, the prior period has been adjusted accordingly to reflect the long term liability which is £1,555,000 which has been reflected in the comparative for 2020/21.

Basic Financial Liabilities

Basic financial liabilities, including trade and other payables are initially recognised at transaction price where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest.

Trade Creditors

Trade creditors payable within one year that do not constitute a financing transaction are initially measured at the transaction price and subsequently measured at amortised cost, being the transaction price less any amounts settled.

Where the arrangement with a trade creditor constitutes a financing transaction, the creditor is initially and subsequently measured at the present value of future payments discounted at a market rate of interest for a similar instrument.

Derecognition of Financial Liabilities

Financial liabilities are derecognised when, and only when, the company's contractual obligations are discharged, cancelled, or they expire.

Equity Instruments

Equity instruments issued by the company are recorded at the proceeds received, net of direct issue costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the company.

Taxation

The tax expense represents the sum of the current tax expense and deferred tax expense. Current tax assets are recognised when tax paid exceeds the tax payable. These statements cover the first period of trading therefore no deferred tax asset is applicable.

Current and deferred tax is charged or credited to the profit or loss, except when it relates to items charged or credited to other comprehensive income or equity, when the tax follows the transaction or event it relates to and is also charged or credited to other comprehensive income, or equity.

South East Environmental Services Limited

Notes to the Financial Statements (continued) for the year ended 31st March 2021

Current tax assets and current tax liabilities and deferred tax assets and deferred tax liabilities are offset, if and only if, there is a legally enforceable right to set off the amounts and the entity intends either to settle on the net basis or to realise the asset and settle the liability simultaneously.

Current tax is based on taxable profit for the year. Taxable profit differs from total comprehensive income because it excludes items of income or expense that are taxable or deductible in other periods. Current tax assets and liabilities are measured using tax rates that have been enacted or substantively enacted by the reporting period.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the company's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax is measured on a non-discounted basis.

Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received except if they have been adjudged as immaterial.

Retirement benefits

Defined Contribution plan is a post-employment benefit plan under which the company pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are shown as an operating expense in the year during which services are rendered by employees. The company participates in the TPT Retirement Solutions which is open to current and new employees.

2 Employees

The average monthly number of persons (including directors) employed by the company during the year was:

	Year ended 31 March 2021 Number	Year ended 31 March 2020 Number
Total	102	102

Annual Report 2020/21

Notes to the Financial Statements (continued) for the year ended 31st March 2021

3	Taxation	Year End 31 Mar 2021 £
	Current tax	
	UK corporation tax on profits for the current period	3,734
	Adjustments in respect of prior periods	
	Total current tax	3,734

4	Fixed Assets	Motor Vehicles	Equipment	Premises	Total
	Cost	£	£	£	£
	Initial purchase price	1,470,502	176,663	114,331	1,761,496
	Cumulative depreciation to 1 April 2020	196,207	49,077	9,276	254,560
	Balance brought forward				
	At 1 April 2020	1,274,296	127,021	105,667	1,506,984
	Additions	-	-	-	-
	At 31 Mar 2021	1,274,296	127,021	105,667	1,506,984
	Depreciation and impairment				
	Impairment for twelve months to 31 March 2021	-	-	-	-
	Depreciation Charge for twelve months to 31 Mar 2021	265,235	50,948	8,613	324,796
	At 31 Mar 2021	265,235	50,948	8,613	324,796
	Carrying amount				
	At 1 April 2020	1,274,296	127,021	105,667	1,506,984
	At 31 Mar 2021	1,009,061	76,073	97,055	1,182,189

South East Environmental Services Limited

Notes to the Financial Statements (continued) For the year ended 31st March 2021

5	Debtors		
		2021	2020
		£	£
	Amounts falling due within one year:		
	Trade debtors	1,162	244,682
	Other debtors	209,278	135,832
		<u>210,441</u>	<u>380,514</u>
6	Stocks		
	Opening stock held as at 1st April 2020	34,025	-
	Stock purchased in Year	-	34,025
	Stock used in the Year	<u>(9,751)</u>	<u>-</u>
	Closing stock held as at 31 March 2021	<u>24,274</u>	<u>34,025</u>
7	Creditors: amounts falling due within one year		
		2021	2020
		£	£
	Trade creditors	17,245	19,048
	Amounts due to group undertakings	226,636	299,661
	Corporation tax	3,734	-
	Other taxation and social security	285,443	231,290
	Other creditors	166,479	208,793
	Loan repayment due within 1 year, due to parent undertaking	<u>155,000</u>	<u>155,000</u>
		<u>854,538</u>	<u>913,792</u>

Annual Report 2020/21

Notes to the Financial Statements (continued) For the year ended 31st March 2021

8 Creditors: amounts falling due after more than one year

	2021 £	2020 £
Liability opening balance as at 1st April 2020	1,400,000	
Loan repayment due within 1 year	<u>(155,000)</u>	
Amounts owed to group undertakings	<u>1,245,000</u>	<u>1,400,000</u>

The amount owed to group undertakings has an interest rate of 2% over the Bank of England base rate per annum. The loan is secured by a fixed and floating charge over the assets of the company.

9 Share Capital

	2021 £	2020 £
Allotted, called up and fully paid	<u>2</u>	<u>2</u>
2 (2019: 2) Ordinary shares of £1	<u>2</u>	<u>2</u>

The Company has one class of ordinary share which carry voting rights but no right of fixed income.

South East Environmental Services Limited

Notes to the Financial Statements (continued) For the year ended 31st March 2021

10 Reserves

Profit & loss account

The profit and loss account reserve represents cumulative profits and losses of the Company less dividends paid

11 Pension commitments

The Company operates a defined benefits pension scheme. The assets of the scheme are held separately from those of the Company in an independently administered fund. The pension cost charge represents contributions payable by the Company to the fund totalling £56,627 (2019: £Nil). At 31 March 2020, outstanding contributions of £18,274 (2019: £Nil) were included in other creditors.

12 Related party transactions

The Company has taken advantage of the exemption available in accordance with Section 33 of FRS 102 not to disclose transactions entered between two or more members of a group as the Company is a wholly owned subsidiary of the group to which it is party to its transactions.

13 Parent company

Eastbourne Borough Council is the ultimate parent undertaking and controlling party and it is the largest group for which consolidated accounts including South East Environmental Services Limited are prepared. Eastbourne Borough Council's principal place of business is Town Hall, Grove Road, Eastbourne BN21 4UG.

**SOUTH EAST ENVIRONMENTAL SERVICE LIMITED
MANAGEMENT INFORMATION
FOR THE YEAR ENDED 31st MARCH 2021**