

**Company Registration No. SC436030
(Scotland)**

**COMPANIES HOUSE
EDINBURGH**

19 SEP 2018

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ZERO WASTE SCOTLAND LIMITED

REPORT AND FINANCIAL STATEMENTS

31 MARCH 2018



ZERO WASTE SCOTLAND LIMITED

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ZERO WASTE SCOTLAND LIMITED

COMPANY INFORMATION AS AT 31 MARCH 2018

Directors

P Biberbach – resigned 13 December 2017
V Emery
I Gulland
P Matthews – resigned 13 December 2017
J Watt
M MacDonald – appointed 13 December 2017
G O’Sullivan – appointed 13 December 2017
J Swadling – appointed 13 December 2017

Secretary

L Murray

Registered office

Ground Floor Moray House
Forthside Way
Stirling
FK8 1QZ

Company number

SC436030

Auditor

RSM UK Audit LLP
First Floor, Quay 2
139 Fountainbridge
Edinburgh
EH3 9QG

Bankers

Royal Bank of Scotland
36 St Andrew’s Square
Edinburgh
EH2 2AD

Review of the business of the company during the year

Zero Waste Scotland is a company limited by guarantee and was incorporated on 2 November 2012. Its role is to deliver on the Scottish Government's policies and strategies for the circular economy, waste reduction and resource efficiency, working closely with businesses, public bodies and communities in Scotland. At the Annual General Meeting on 13 December 2017, the Board was increased from four non-executive directors to six with two directors resigning, two re-appointed and four new directors being appointed; one executive director remained. The Scottish Ministers and non-executive directors are collectively the company's Members.

It has been agreed with the Scottish Government that Zero Waste Scotland will work towards Non-Departmental Public Body (NDPB) status and the Articles of Association were changed during 2017/18 to reflect requirements arising from NDPB status.

During 2017/18 Zero Waste Scotland was grant-funded by the Scottish Government to support delivery of its circular economy strategy and other resource efficiency policies with initiatives focussed on: accelerating a circular economy; reducing food waste; helping organisations save energy and use resources efficiently; and preventing litter and fly-tipping. The final Scottish Government grant awarded was £17.1 million which included an advance of £2 million covering the delay in receiving European Regional Development Fund (ERDF) funding. The ERDF, for which the Scottish Government is the Managing Authority in Scotland, funded a portion of our resource efficiency and circular economy work.

The company provides a range of support programmes, campaigns and other interventions to help communities and organisations on the journey to a circular economy, zero waste and resource efficiency. These include:

- Advice and support programmes helping organisations save money and reduce energy, water and waste;
- Technical and operational support to local authorities, resource management businesses and the third sector;
- Stimulating the development of infrastructure for recycled products, closed loop recycling and re-manufacturing;
- Managing a £73 million programme spanning four years supported by up to £31 million of European Regional Development Funds. The programme was extended during 2017/18 from December 2018 to December 2019 and will accelerate Scotland's transition to a resource efficient circular economy by providing targeted support to small and medium sized enterprises (SMEs) and the third sector to help them reduce costs and carbon emissions;
- Local and national marketing campaigns including *Love Food Hate Waste* and *Recycle for Scotland*;
- Participation in UK voluntary waste reduction agreements, such as the Courtauld Commitment;
- Provision of revenue and capital grants;
- Carrying out research, providing training and identifying best practice; and
- Helping organisations to comply with waste and other environmental regulations.

ZERO WASTE SCOTLAND LIMITED

STRATEGIC REPORT FOR THE YEAR ENDED 31 MARCH 2018 (CONTINUED)

Highlights for 2017/18 were:

- In the 2017 Programme for Government, the Scottish Government committed to developing a deposit return scheme for single use drinks containers, for roll-out across Scotland. Zero Waste Scotland was asked to lead on the design options for the most effective system;
- Good progress was made on activities supported by Scottish Government and the ERDF aimed at small and medium sized enterprises (SMEs) and the third sector:
 - 18 offers of funding were made to SMEs through the Circular Economy Investment Fund, encouraging circular economy business models that are innovative and bring transformational change;
 - 77 businesses received or were approved for support through the Circular Economy Business Support Service and a healthy pipeline of 45 businesses are interested in receiving support;
 - The Circular Glasgow initiative, delivered in partnership with Glasgow Chamber of Commerce, has continued to progress, identifying and promoting circular economy opportunities within and between small to medium sized businesses. Further work is underway in Edinburgh, Aberdeen City & Shire and Tayside;
 - 28 community groups benefited from close to £800,000 of ERDF matched by the Climate Challenge Fund;
 - Three Zero Waste Towns were launched in central Edinburgh, Leith and Perth;
 - The Resource Efficiency Service has delivered audits to date to 694 unique organisations identifying £6.3 million of savings. Over 100 companies have had food waste audits, identifying savings of over £1.6 million and the construction service carried out 67 audits during 2017/18; and
 - The Waste Prevention Implementation Fund invested more than £700,000 in 20 projects and will be reviewed and re-launched in 2018-19 to ensure that impact is maximised.
- Supported 27 local authorities to sign the Scottish Household Recycling Charter by developing options and providing expert support to improve the quality and consistency of household recycling services;
- Increased certification of the national Revolve quality standard to 122 re-use stores across 67 organisations;
- Contributed to the Scottish Government's target to reduce food waste by 33% by 2025 by influencing 160 restaurants across Scotland to sign up to the *Good to Go* campaign for doggy bags.

Future developments

With a new Board in place, a key priority has been to review the Corporate Plan to ensure that the organisation has a clear vision and is well placed to meet current and future objectives. The Plan will be finalised and implemented during 2018/19 and a revised operating model adopted. As part of this transition, an outcome-based approach has been agreed in the Operating Plan, which has been approved by Scottish Ministers, covering the period from 1 April 2018 to 31 March 2019.

**STRATEGIC REPORT
FOR THE YEAR ENDED 31 MARCH 2018 (CONTINUED)**

Zero Waste Scotland will continue to support delivery of the Scottish Government's circular economy strategy and other resource efficiency policies that will contribute towards: a reduction in CO2 emissions; the protection and enhancement of Natural Capital; an increase in business competitiveness through implementation of circular economy and resource efficiency approaches; and the provision of social inclusion opportunities.

Our approach is to work with others to influence change, with a focus on four strategic outcomes:

1. Build the demand for, and supply of, circular economy products, services, and solutions.
 - Continue to work with partners in adopting both sectoral and cities and regions approaches to target priority areas;
 - Support Scotland's Manufacturing Action Plan (SMAP);
 - Increase the reach of the Revolve quality standard for re-use; and
 - Host the Circular Economy Hotspot Scotland for the first time, which is a major international event and trade mission to showcase our nation's progressive approach to developing a circular economy and the best of our burgeoning circular businesses to a global audience.
2. Change the way we live, work and do business, so that consumption is more sustainable, and disposal choices prevent waste and increase recycling.
 - Support the Scottish Government in the development of a business case and consultation process for the DRS (Deposit Return Scheme);
 - Influence public behaviour to support the reduction of single-use plastics and generate applications for innovative circular economy plastics opportunities via the Circular Economy Investment Fund;
 - Increase recycling through delivering infrastructure projects and engaging expert support to deliver compliant services with Local Authorities signed up to the Household Recycling Charter; and
 - Support Local Authorities and other bodies to adopt the requirements in the Code of Practice on Litter and Refuse (COPLAR).
3. Reduce food and drink waste at home and throughout the supply chain.
 - Develop a comprehensive Action Plan with Scottish Government and partners to achieve Food Waste reduction targets.
4. Support the public and private sector components of the Energy Strategy's target to increase by 30% the productivity of energy use across the Scottish economy by 2030.
 - Support the new Energy Strategy and transition to Energy Efficient Scotland (EES).

ZERO WASTE SCOTLAND LIMITED

STRATEGIC REPORT FOR THE YEAR ENDED 31 MARCH 2018 (CONTINUED)

Going concern

The company is funded principally through grants from the Scottish Government, with additional funding from the European Regional Development Fund (ERDF). The Scottish Government Grant is awarded annually as Zero Waste Scotland is the key delivery agent to support the Scottish Government's circular economy strategy and other resource efficiency policies.

The Directors have confidence that the company can continue to operate as a going concern for the next 12 months and beyond due to the following factors:

- Zero Waste Scotland will continue to be the key delivery agent to support the Scottish Government's circular economy and other resource efficiency programmes. Grant of £19.372 million was awarded for 2018/19 to support these activities and discussions have commenced on funding the 2019/20 programme;
- For the last two financial years the Scottish Government has prepaid grant to ensure adequate cash flow until ERDF money is received (£2 million in respect of 2017/18);
- Confirmation was received that up to £31 million funding can be drawn down for the period to 31 December 2019 from ERDF. The Directors have reviewed progress of claim submissions and are satisfied that there has been a good record of settlement to date and have confidence that this will continue.

Risk management

An Audit and Risk Committee has been established with the inception of the new Board, comprised of two non-executive directors with a financial background, supported by the Chief Finance Officer. The purpose of the Committee is to provide assurance to the Board of Zero Waste Scotland that there is effective governance in place regarding arrangements for external and internal audit functions, financial budgeting and reporting, risk management and any other issues that are relevant for the Committee to consider.

This Committee and the senior leadership team will regularly review the risk register, which will remain a standing item at Board meetings. The opportunity was taken with the new Board to review the risk register and concentrate on key strategic risks and mitigation measures as follows:

Key Risk	Description of risk	Mitigation measures
Failure to deliver	Organisation fails to deliver/evidence impact on key Government priorities or over-commits leading to a loss of confidence in Zero Waste Scotland.	Operating Plan, including priority Strategic Outcomes, approved by the Scottish Government (SG) annually and monitored regularly by the senior leadership team and SG.
Poor stakeholder management	Fail to maintain a good working relationship with key stakeholders impacting on programme delivery.	Stakeholder management plan will be refreshed after approval of a revised Corporate Plan, and the Board and senior leadership team will support the development of relationships.

ZERO WASTE SCOTLAND LIMITED

STRATEGIC REPORT FOR THE YEAR ENDED 31 MARCH 2018 (CONTINUED)

Key Risk	Description of risk	Mitigation measures
Financial	Significant reductions in grant from the Scottish Government would impact on delivery of outcomes in the Operating Plan and accumulation of reserves is not permitted.	Key delivery agent for SG and annual budget agreed, regularly monitored and action taken as required. Grant award letter notes SG and ZWS will work to ensure commitments are honoured should the company be wound up.
European funding	Delay in claiming European Regional Development Fund (ERDF) monies; challenges in spending the full three-year allocation; evidence may be insufficient to make claims. The UK exiting the European Union meaning access to future funding is not available.	Regular liaison with the ERDF team of SG and resources allocated to manage and deliver ERDF programme and funding. ERDF Programme Board established comprised of Board Directors and senior leaders to monitor the programme progress.
Deposit Return Scheme (DRS)	DRS is a critical priority for SG in the Programme for Government with a significant reputational risk for Zero Waste Scotland if it were to fail to deliver on outcomes in the agreed timescales.	A DRS Programme Board has been established, chaired by the Director of the Environment and Forestry Department at SG. Internal governance processes are in place at Zero Waste Scotland and allocation of resources to deliver the project is regularly discussed, reviewed and revised.

Performance management

A range of financial and non-financial key indicators were developed to measure performance and will continue to be reviewed and adapted, as necessary.

Zero Waste Scotland is ISO14001 certified and a robust environmental management monitoring system and baseline is now in place. During 2017/18 Zero Waste Scotland's total carbon footprint, inclusive of commuting, was 250tCO₂e, up 6% from 2016/17. Commuter travel has the highest impacts with many employees located across the central belt, some distance from Stirling. In order to mitigate this, we will continue to explore enhanced flexible working options available to staff and improve digital meeting facilities. The travel policy has been updated to further underscore our commitment to making environmentally-minded choices for corporate travel, including a restriction on domestic flights in corporate travel. Higher energy usage can be attributed to the colder winter weather, increased IT equipment and major improvements being required to the buildings we occupy.

Staff turnover continued to be low against the national reported average. Latest reported annual average labour turnover rates for the private sector from the Chartered Institute of Personnel and Development (CIPD) are 14%, with Zero Waste Scotland reporting 9.1% for 2017-2018. Similarly, sickness absence levels at 3.8 days lost per employee were still minimal in relative terms (CIPD report an average of 3.9 lost days per person). There have been no significant issues affecting health & safety of employees during the year.

ZERO WASTE SCOTLAND LIMITED

STRATEGIC REPORT FOR THE YEAR ENDED 31 MARCH 2018 (CONTINUED)

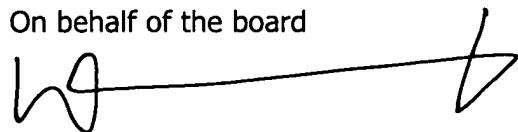
Quarterly performance is reported to the Zero Waste Scotland Board and to the Scottish Government. In 2017/18 there were 22 strategic milestones, of which 13 were delivered at the end of March 2018 and nine were not delivered fully as specified at the beginning of the year, although good progress had been made.

Quantitative milestones included SMEs supported by the Circular Economy Business Service, number of Revolve stores certified, number of Local Authorities signing up to the Household Recycling Charter, number of waste projects funded by ERDF and the Climate Challenge Fund, number of feasibility studies completed through the heat network partnership and number of Local Authorities provided with monitoring training for the Code of Practice on Litter and Refuse (COPLAR).

Two pilots for the Circular Economy Skills Hub have been developed with partners and at the end of March 2018 the Bulky Waste and Civic Amenities good practice guide was on the verge of sign-off by the Steering Group.

Many of the milestones were quantitative rather than measuring impact and senior managers have committed to addressing this in future years to provide a better indication of company performance.

On behalf of the board



I Gulland
Director

6 September 2018

ZERO WASTE SCOTLAND LIMITED

DIRECTORS REPORT FOR THE YEAR ENDED 31 MARCH 2018

The Board presents its report and the audited financial statements for the year ended 31 March 2018.

Principal Activities and Constitution

Zero Waste Scotland is a company limited by guarantee which has entered into a grant funding agreement with the Scottish Government to deliver its circular economy strategy and other resource efficiency policies.

The current members of Zero Waste Scotland are the Scottish Ministers and the six non-executive Directors.

Directors

The following directors have held office during the period:

Vic Emery
John Watt
Iain Gulland
Petra Biberbach (resigned 13 December 2017)
Phil Matthews (resigned 13 December 2017)
Morag MacDonald (appointed 13 December 2017)
Gerard O Sullivan (appointed 13 December 2017)
Janet Swadling (appointed 13 December 2017)
Helen Wollaston (appointed 13 December 2017)

Board Appointment and Induction

During 2018/19 there was a Board recruitment process, managed by an external recruitment consultant, which closely followed the Public Appointments process and guidance was provided by Scottish Government colleagues and Brodies' solicitors. Following the formation of a new Board, a tailored induction programme was delivered, which made directors aware of their responsibilities and provided them with information about the key activities of the organisation to better enable them to fulfil their duties. Further development needs will be assessed and delivered as required. Four of our non-executive directors attended a Scottish Government workshop for non-executive directors on public body boards.

Financial Review

A financial review has been included in the Strategic Report.

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

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

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice).

ZERO WASTE SCOTLAND LIMITED

DIRECTORS REPORT FOR THE YEAR ENDED 31 MARCH 2018

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 judgments 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.

Disclosure of information to auditor

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditor is unaware; and each director has taken all the steps that he/she ought to have taken as a director to make him/herself 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, the auditor will be deemed to be reappointed and RSM UK Audit LLP will therefore continue in office.

On behalf of the Board



I Gulland
Director

6 September 2018

ZERO WASTE SCOTLAND LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS (continued) FOR THE YEAR ENDED 31 MARCH 2018

Opinion

We have audited the financial statements of Zero Waste Scotland (the 'company') for the year ended 31 March 2018 which comprise the Statement of income and retained earnings, Statement of financial position, Statement of Cashflows 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 31 March 2018 and of its result 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.

ZERO WASTE SCOTLAND LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS (continued) FOR THE YEAR ENDED 31 MARCH 2018

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 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.

Matters on which we are required to report by exception

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

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 8 and 9, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

ZERO WASTE SCOTLAND LIMITED

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS (continued)
FOR THE YEAR ENDED 31 MARCH 2018**

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.

RSM UK Audit LLP

Janet Hamblin CA (Senior Statutory Auditor)
For and on behalf of RSM UK Audit LLP, Statutory Auditor
Chartered Accountants
First Floor, Quay 2
139 Fountainbridge
Edinburgh
EH3 9QG

19 September 2018

ZERO WASTE SCOTLAND LIMITED**STATEMENT OF INCOME AND RETAINED EARNINGS
FOR THE YEAR ENDED 31 MARCH 2018**

	Note	2018 £	2017 £
Incoming resources			
Grant income	2	16,548,810	18,250,173
Other income	2	<u>3,335,388</u>	<u>1,832,914</u>
Total incoming resources		<u>19,884,198</u>	<u>20,083,087</u>
Resources expended			
Operating expenditure		<u>(19,884,198)</u>	<u>(20,101,436)</u>
Operating profit/(loss) on ordinary activities before taxation	3	-	(18,349)
Interest receivable and similar income		<u>-</u>	<u>18,349</u>
Profit on ordinary activities before taxation		-	-
Taxation on surplus on ordinary activities		<u>-</u>	<u>-</u>
Profit for the financial year		<u>-</u>	<u>-</u>

In the current and prior year there has been neither a dividend declared nor any restatement of retained earnings for either correction of prior period material errors or changes in accounting policy.

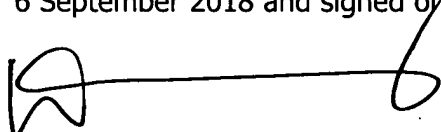
There are no losses or profits for the period other than those reflected above. All activities are continuing.

The notes on pages 16 to 22 form part of these financial statements.

ZERO WASTE SCOTLAND LIMITED**STATEMENT OF FINANCIAL POSITION
FOR THE YEAR ENDED 31 MARCH 2018**

	Note	2018		2017	
		£	£	£	£
Fixed assets					
Tangible assets	6		76,055		103,593
Current assets					
Debtors	7	3,029,025		2,030,333	
Cash at bank and in hand		<u>3,971,400</u>		<u>4,447,954</u>	
		7,000,425		6,478,287	
Creditors: Amounts falling due within one year	8	<u>(7,015,553)</u>		<u>(6,468,314)</u>	
Net current assets			(15,128)		9,973
Total assets less current liabilities			<u>60,927</u>		<u>113,566</u>
Creditors: Amounts falling due after more than one year	9		(34,295)		(51,921)
Provision for liabilities and charges	10		(26,632)		(61,645)
Net assets			<u>-</u>		<u>-</u>
Reserves (Residual interest)			<u>-</u>		<u>-</u>

The financial statements were approved by the Board of Directors and authorised for issue on 6 September 2018 and signed on its behalf by



I Gulland
Director

Company Registration No. SC436030

The notes on pages 16 to 22 form part of these financial statements.

ZERO WASTE SCOTLAND LIMITED**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 MARCH 2018**

	Note	2018	2017
		£	£
Operating activities			
Net cash generated absorbed/from by operations	12	(449,293)	845,779
Investing activities			
Purchases of tangible assets	6	<u>(27,261)</u>	<u>(80,496)</u>
Net cash from investing activities		<u>(27,261)</u>	<u>(80,496)</u>
Net decrease / (increase) in cash and cash equivalents		(476,554)	765,283
Cash and cash equivalents at beginning of year		<u>4,447,954</u>	<u>3,682,671</u>
Cash and cash equivalents at end of year		<u><u>3,971,400</u></u>	<u><u>4,447,954</u></u>

ZERO WASTE SCOTLAND LIMITED

NOTES AND ACCOUNTING POLICIES FOR THE YEAR ENDED 31 MARCH 2018

1. Basis of financial statements and accounting policies

Zero Waste Scotland Limited is a private company limited by guarantee incorporated in Scotland. The liability of the members is limited, as detailed in the Memorandum of Association, to £1 each.

The address of the Company's registered office and principal place of business is Moray House, Forthside Way, Stirling FK8 1QZ, Scotland, registered number SC436030.

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and the requirements of the Companies Act 2006.

The company has adopted the following accounting policies which should be read in conjunction with the financial statements set out on pages 13 to 15 and which have been prepared under the historical cost convention and in accordance with applicable accounting standards.

The financial statements are prepared and rounded to the nearest £.

Going Concern

These accounts have been prepared on the going concern basis, which assumes the company will continue to trade without significant curtailment for the foreseeable future. The company has entered into a grant funding agreement with the Scottish Government for 2018/19 and the company expects this arrangement will continue in 2019/20.

1.1 Income

Government grant income is recognised under the accruals model. Revenue grants receivable are credited to the Statement of Income and Retained Earnings in the period in which the funding is receivable and when there is reasonable assurance that the grant conditions will be met. Capital based government grants are included within accruals and deferred income in the Statement of Financial Position and credited to the Statement of Income and Retained Earnings over the estimated useful economic lives of the assets to which they relate.

1.2 Expenditure

All expenditure is charged in the period to which it relates on an accruals basis and a liability is recognised when there is a legal or constructive obligation.

1.3 Leases

Rentals payable under operating lease are charged to the income statement on a straight line basis over the term of the lease.

ZERO WASTE SCOTLAND LIMITED

NOTES AND ACCOUNTING POLICIES (continued) FOR THE YEAR ENDED 31 MARCH 2018

1.4 Taxation

The charge for taxation is based on the result for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes.

1.5 Tangible fixed assets and depreciation

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses. Depreciation is provided on all tangible fixed assets at rates calculated to write off the cost or valuation of each asset to its estimated residual value on a straight line basis over its expected useful life, as follows:-

Office Equipment - 33 % per annum on cost

1.6 Pension costs

The company operates a defined contribution pension scheme. The assets of the scheme constitute individual member accounts and are held separately from those of the company under an insured group pension arrangement. The pension cost charge represents contributions payable by the company to the fund and amounted to £636,009. No outstanding contributions were payable to the fund at the year end.

1.7 Critical Accounting Estimates and Areas of Judgement

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Critical accounting estimates and assumptions

The company makes estimates and assumptions concerning the future. The resulting accounting estimates and assumptions will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

In categorising leases as finance leases or operating leases, management makes judgements as to whether significant risks and rewards of ownership have transferred to the company as lessee, or the lessee, where the company is a lessor.

1.8 Financial Instruments

The company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102, in full, to all of its financial instruments.

**NOTES AND ACCOUNTING POLICIES (continued)
FOR THE YEAR ENDED 31 MARCH 2018****Financial assets**

Trade, group and other debtors (including accrued income) which are receivable within one year and which 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 and any impairment losses.

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

A provision for impairment of trade debtors is established when there is objective evidence that the amounts due will not be collected according to the original terms of the contract. Impairment losses are recognised in profit or loss for the excess of the carrying value of the trade debtor over the present value of the future cash flows discounted using the original effective interest rate. Subsequent reversals of an impairment loss that objectively relate to an event occurring after the impairment loss was recognised, are recognised immediately in profit or loss.

Trade and other creditors

Trade and other creditors (including accruals) 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 transaction price less any amounts settled.

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

1.9 Provisions

All expenditure is charged in the period to which it relates on an accruals basis and a liability is recognised when there is a legal or constructive obligation as a result of a past event.

2. Incoming Resources

	2018	2017
	£	£
Scottish Government Grant (Note 11)	16,548,810	18,250,173
Scottish Government – Other	131,367	1,569
ERDF Accrued Income	3,108,400	1,737,556
Other income	95,621	93,789
	<u>19,884,198</u>	<u>20,083,087</u>

ZERO WASTE SCOTLAND LIMITED

NOTES AND ACCOUNTING POLICIES (continued) FOR THE YEAR ENDED 31 MARCH 2018

3. Operating Result for the financial year

	2018 £	2017 £
Operating Result for year is stated after charging:		
Operating leases - land & buildings: Paid in year	<u>74,610</u>	<u>65,578</u>
Depreciation of tangible fixed assets	<u>54,799</u>	<u>50,592</u>
Loss on Disposal of tangible fixed assets	-	<u>5,200</u>
Auditors remuneration		
Audit of these financial statements	<u>16,224</u>	<u>15,600</u>
Non-audit services	<u>5,544</u>	<u>9,665</u>

4. Employees

	2018 £	2017 £
The average weekly number of full time equivalent staff and executive directors was:		
Corporate	44	46
Operational	71	69

The aggregate remuneration comprised:

Wages and salaries	4,099,369	4,000,324
Social security costs	435,007	445,661
Defined contribution pension costs	637,512	614,194
Other remuneration benefits	30,096	8,042
	<u>5,201,984</u>	<u>5,068,221</u>

Directors Emoluments

In respect of the directors of Zero Waste Scotland:

Emoluments	140,498	135,326
Company contributions to money purchase pension schemes	12,688	12,607
	<u>153,186</u>	<u>147,933</u>

The number of directors to whom retirement benefits are accruing under money purchase schemes was

1	1
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ZERO WASTE SCOTLAND LIMITED

NOTES AND ACCOUNTING POLICIES (continued) FOR THE YEAR ENDED 31 MARCH 2018

4. Employees (continued)

The total remuneration of the staff in the year who are considered to be key management personnel of the company was £715,977 (2017: £677,762).

Those considered key management personnel are:

Director and Chief Executive Officer	Iain Gulland
Chief Operating Officer	Jill Farrell
Chief Finance Officer	Lynn Murray
Head of Organisational Development	Frazer Scott
Head of Policy & Research	Callum Blackburn
Head of Communications & Engagement	Jon Molyneux
Head of Circular Economy	Louise McGregor
Head of Resource Management	Charlie Devine
Head of Resource Efficiency	Marissa Lippiatt

Remuneration of Non-Executive Directors

Non-Executive Directors received remuneration totalling £37,041 during the year (2017: £29,800).

5. Interest receivable and other income

	2018	2017
	£	£
Other income comprising insurance settlements	=	<u>18,349</u>

6. Tangible fixed assets

	Office Equip
	£
Cost	
1 April 2017	258,336
Additions	27,261
Disposals	-
31 March 2018	<u>285,597</u>
Depreciation	
1 April 2017	154,743
Charge in year	54,542
Disposals	-
31 March 2018	<u>209,715</u>
Net book value	
At 31 March 2018	<u>76,055</u>
At 31 March 2017	<u>103,593</u>

ZERO WASTE SCOTLAND LIMITED

NOTES AND ACCOUNTING POLICIES (continued) FOR THE YEAR ENDED 31 MARCH 2018

7. Debtors

	2018	2017
	£	£
Trade Debtors	64,251	110,177
Prepayments	180,499	182,099
Other debtors	<u>2,784,275</u>	<u>1,738,057</u>
	<u>3,029,025</u>	<u>2,030,333</u>

There is an amount of £2,674,087 included in other debtors in relation to European Regional Development Fund. As with all European funding, this is required to be verified by Scottish Government and the amount paid may vary from the figure included. It is not expected that there would be a material difference. Financial assets measured at amortised cost total £2,848,526 (2017: £1,848,234).

8. Creditors: Amounts falling due within one year

	2018	2017
	£	£
Trade Creditors	617,515	160,800
Accruals and deferred income	4,226,767	4,927,974
Other Creditors	2,002,285	1,189,874
Capital grants due within one year	41,760	51,672
Other tax and social security	<u>127,226</u>	<u>137,994</u>
	<u>7,015,553</u>	<u>6,468,314</u>

Financial liabilities measured at amortised cost total £6,846,567 (2017: £6,278,648).

9. Creditors: Amounts falling due after more than one year

Capital Grants	£
At 1 April 2017	103,593
Additions for the year	27,261
Amount to be released within one year (Note 8)	(41,760)
Utilised during the year	(54,799)
Balance at 31 March 2018	<u>34,295</u>

10. Provision for liabilities and charges

	£
At 1 April 2017	61,645
Provision released in the year	(35,013)
Balance at 31 March 2018	<u>26,632</u>

The provision represents the directors' best estimate of the future costs of liabilities, relating to monitoring the performance of capital and other grant schemes upon completion, and is discounted to present value where the effect is material.

ZERO WASTE SCOTLAND LIMITED

NOTES AND ACCOUNTING POLICIES (continued) FOR THE YEAR ENDED 31 MARCH 2018

11. Related Party Transactions

Below is the funding from Scottish Government assigned to the 4 budgetary themes. An advance of £2,000,000 was received during the year to cover the costs incurred from ERDF work. This funding from ERDF is expected to be received in 2018/19. The prior year advance of £1,731,200 was repaid during the year. The total spent on projects in the year of £16,279,810 varies from the figure included in the Directors report of £17.1m due to adjusted movements in accrued income at each year end.

Themes	Expenditure
Accelerating a Circular Economy	9,253,639
Reducing Food Waste	1,268,148
Energy & Resource Efficiency	4,884,359
Tackling Litter and Fly tipping	873,664
Total Spent on Projects in Year	<u>16,279,810</u>

Expenses paid to Board members during the year totalled £4,483 (2017: £158).
No related party transactions exist between any Board member and any grantee or grantor.

12. Reconciliation of result to net cash generated from operations

	2018	2017
	£	£
Profit for the financial year	-	-
Adjustments for:		
Depreciation of plant and equipment	54,799	50,592
Loss on disposal of plant and equipment	-	5,200
(Increase) in receivables	(998,692)	(894,466)
Increase/(decrease) in trade and other creditors	494,600	1,684,453
	<u>(449,293)</u>	<u>845,779</u>

13. Operating Leases commitments:

The total future minimum lease payments under non-cancellable leases are:

	£	£
Due within one year	73,090	65,578
Due 2-5 years	219,272	251,380
Due > 5 years	-	-
	<u>292,362</u>	<u>316,958</u>