Registered number: 12213029

SWISCO LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2023

Bishop Fleming

COMPANY INFORMATION

DIRECTORS	Anne-Marie Bond Matthew Fairclough-Kay Alan Denby (appointed 1 April 2023) Matthew Reeks (appointed 1 September 2023)
COMPANY SECRETARY	Joseph While
REGISTERED NUMBER	12213029
REGISTERED OFFICE	Town Hall Castle Circus Torquay Devon TQ1 3DR
INDEPENDENT AUDITORS	Bishop Fleming LLP Chartered Accountants & Statutory Auditors Salt Quay House 4 North East Quay Sutton Harbour Plymouth PL4 0BN
BANKERS	Nat West Bank 108 Union Street Torquay Devon TQ2 5PH

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INTRODUCTION

The directors present their strategic report and the audited financial statements of the Company for the year ended 31 March 2023.

BUSINESS REVIEW

The accounts for this period ended 31st March 2023 represent the second full year of the commissioning model with the Council, which has presented more opportunities to deliver services for the Council, thereby growing the turnover of the company and allowing increased efficiency of operations. The model enables SWISCO to improve the quality of its customer service, and by ensuring that processes between the client and the operational teams are more joined up, it means SWISCO has made sound progress in pursuing its ultimate strategic objective – to achieve better outcomes for the citizens of Torbay.

However, in tandem with these over-arching responsibilities (which include discharging important statutory duties and responsibilities for the Council) the company strategy is to develop a framework of strong governance and performance accountability. During the financial year 2022/23, the financial and operational effectiveness of the Company has consolidated the stability from the previous year, and as a result it has not been dependent on additional financial support from the Council in order to support the core operation. The Directors recognise that, going forward, this position needs to be continued.

The business environment in the year 2022/23 has continued to be challenging, and SWISCO's performance is set against the background of continuing challenges in the labour market, and escalating costs of materials and energy; the effects on staff costs have again been difficult, with a need to place some reliance on overtime working and agency-supplied labour. Pay awards in line with the Council's Local Government settlement also put pressure on the bottom line.

Taking a longer-term view of the Company's financial strategy, the Directors will continue to pursue business efficiency and enhanced customer delivery standards, whilst at the same time applying strict financial control over those trading costs the Company can influence. Within this context, the year saw the beginning of a strategic capital investment by the company in replacing its ageing fleet of vehicles, and in implementing new software solutions to bring greater control and efficiency in operations.

PRINCIPAL RISKS AND UNCERTAINTIES

One element of improving financial performance which continued to provide a challenge, has been developing the commercial waste side of the business, where opportunities do exist. The Company aspires to be seen as the provider of choice for residents and businesses alike, and as such, successful growth of external activities would strengthen the reputation of the Council.

The Company generated a small operating surplus in the year before FRS 102 pension adjustments, which can be reinvested to the benefit of the residents and communities of Torbay. As highlighted above, this runs alongside the development of upgraded software support systems, which will reduce costs and increase efficiency, and the start of a programme of vehicle replacement which will reduce costs of operating the Company's substantial fleet. The key business improvement themes therefore continue to be:

• Improve the financial efficiency of the business to minimise the level of support required from the Council

• Strive for top-quality customer-focussed services that enhance the reputation of the Council and the Company, and support winning new business and commercial success

• Continue to develop and strengthen the model of governance and performance accountability to highlight the benefits of, and give confidence in, the Council's commissioning approach

FINANCIAL KEY PERFORMANCE INDICATORS

In the 2022/23 financial year, gains through operational efficiencies were partly offset by continued pressures on staffing costs in a very difficult labour market, and by the steeply-rising costs of materials and fuel. As a result, the Company is reporting that, before posting the year-end technical accounting adjustments for the defined benefit pension scheme, the Company recorded an operating surplus of £29,659.

Overall, it is still considered that any alternative commissioning solution (such as part-ownership or fully out-sourced) would likely result in a significantly higher financial strain over the next few years of the business. If the projected efficiency savings, additional operating costs and key initiatives to deliver the Company Business Plan are modelled over the next three financial years, this will result in a predicted sustained reduction in the commissioning fee that would be required from the Council as Shareholder.

This report was approved by the board on and signed on its behalf.

Alan Denby
Director

The directors present their report and the financial statements for the year ended 31 March 2023.

DIRECTORS' RESPONSIBILITIES STATEMENT

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 the directors have elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies for the Company's financial statements and then apply them consistently;
- make judgments 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 to 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.

RESULTS AND DIVIDENDS

The loss for the year, after taxation, amounted to £837,341 (2022: loss £662,982).

DIRECTORS

The directors who served during the year were:

Anne-Marie Bond
Kevin Paul Mowat (resigned 31 March 2023)
Martin Keith Phillips (resigned 15 June 2023)
Matthew Fairclough-Kay

FUTURE DEVELOPMENTS

SWISCO Limited is proving an exciting opportunity for the Council and its residents. Having stabilised the operation and the financial position of the Company (following the transfer of services from TOR2 Limited in July 2020) the aim continues to be improvement and strengthening of the services provided by the Company. Investment in the company has begun, and includes replacement and modernisation of its fleet, and replacement and improvement of its IT systems to provide a better interface for Torbay residents and to provide operational efficiencies.

A key focus of the company is the ongoing commitment to increase recycling rates, for example by improved kerbside collection processes. At the request of the Council the Company has introduced a green waste collection service for Torbay residents. The Company will have a particular focus on working with the community in improving the green spaces throughout Torbay.

ENGAGEMENT WITH EMPLOYEES

The Company places considerable value on engagement with its employees and, within the limits of commercial confidentiality, has continued to keep them fully informed of matters that affect progress of the Company and that may be of interest to them as employees.

The Company is committed to inclusion and works to eliminate discrimination, so that employees can work in a diverse environment free from intimidation, victimisation or harassment.

DISCLOSURE OF INFORMATION TO AUDITORS

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

- so far as the director is aware, there is no relevant audit information of which the Company's auditors are unaware, and
- the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

POST BALANCE SHEET EVENTS

There have been no significant events affecting the Company since the year end.

AUDITORS

The auditors, Bishop Fleming LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board and signed on its behalf.

Alan Denby
Director

Date:

Town Hall
Castle Circus
Torquay
Devon
TQ1 3DR

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF SWISCO LIMITED

OPINION

We have audited the financial statements of Swisco Limited (the 'Company') for the year ended 31 March 2023, which comprise the Statement of comprehensive income, the Statement of financial position, the Statement of cash flows, the analysis of net debt, the Statement of changes in equity and the related notes, 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 Financial Reporting Standard 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 2023 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

BASIS FOR OPINION

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditors' 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 United Kingdom, including the Financial Reporting Council'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 Auditors' report thereon. The directors are responsible for the other information contained within the Annual Report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in 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.

OPINION 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 or 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 3, 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.

AUDITORS' 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 Auditors' 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.

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:
In identifying and assessing risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, we considered the following:

- the nature of the sector, control environment and the Company’s performance;
- results of our enquiries of management and the Directors, about their own identification and assessment of the risks of irregularities;
- any matters we identified having obtained and reviewed the Company’s documentation of their policies and procedures relating to: identifying, evaluating and complying with laws and regulations and whether they were aware of any instances of non-compliance; detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected or alleged fraud; the internal controls established to mitigate risks of fraud or non-compliance with laws and regulations; and
- the matters discussed among the audit engagement team regarding how and where fraud might occur in the financial statements and any potential indicators of fraud.

As a result of these procedures, we have considered the opportunities and incentives that may exist within the organisation for fraud and identified the highest area of risk to be in relation to revenue recognition, with a particular risk in relation to year-end cut-off. In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override.

We identified and obtained an understanding of the laws and regulations that are of significance to the Company by discussions with directors and by updating our understanding of the sector in which the Company operated in. Laws and regulations that are of direct significance to the, and of which non-compliance could result in material misstatement, are considered to be the UK Companies Act, FRS 102 and UK tax legislation.

In addition, we considered provisions of other laws and regulations that 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 data protection, health and safety, employment legislation and apporpriate transport regulations.

Our procedures to respond to risks identified included the following:

- reviewing the financial statement disclosures and testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- reviewing the financial statement disclosures and testing to supporting documentation to assess the recognition of revenue;
- enquiring of Directors and management concerning actual and potential litigation and claims;
- performing procedures to confirm material compliance with the requirements of the above regulations;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- reading minutes of Board meetings; and
- in addressing the risk of fraud through management override of controls, testing the appropriateness of journal entries and other adjustments; and assessing whether the judgements made in making accounting estimates are indicative of a potential bias.

We also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from an error, as fraud may involve deliberate concealment by, for example, forgery, misrepresentations or through collusion. There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we would become aware of it.

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

Nathan Coughlin FCA (Senior statutory auditor)
for and on behalf of
Bishop Fleming LLP
Chartered Accountants
Statutory Auditors
Salt Quay House
4 North East Quay
Sutton Harbour
Plymouth
PL4 0BN
Date:

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 MARCH 2023

	Note	2023 £	2022 £
Turnover	4	**21,514,268**	18,679,987
Cost of sales		**(17,929,841)**	(15,143,356)
Gross profit		**3,584,427**	3,536,631
Administrative expenses		**(3,963,783)**	(3,762,488)
Operating loss	5	**(379,356)**	(225,857)
Interest payable and similar expenses	5	**(161,985)**	(166,125)
Other finance expense	18	**(296,000)**	(271,000)
Loss before tax		**(837,341)**	(662,982)
Tax on loss		**-**	-
Loss for the financial year		**(837,341)**	(662,982)
Other comprehensive income for the year			
Actuarial gains on defined benefit pension scheme	18	**12,902,000**	2,473,000
Pension surplus not recognised		**(488,000)**	-
Other comprehensive income for the year		**12,414,000**	2,473,000
Total comprehensive income for the year		**11,576,659**	1,810,018

There were no recognised gains and losses for 2023 or 2022 other than those included in the statement of comprehensive income.

The notes on pages 14 to 25 form part of these financial statements.

SWISCO LIMITED
REGISTERED NUMBER:12213029

STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2023

	Note		2023 £		2022 £
Fixed assets					
Tangible assets	7		**4,714,387**		4,163,110
Current assets					
Stocks	8	**289,949**		270,785	
Debtors: amounts falling due within one year	9	**1,348,764**		1,159,784	
Cash at bank and in hand	10	**738,651**		1,157,437	
		2,377,364		2,588,006	
Creditors: amounts falling due within one year	11	**(3,322,408)**		(3,629,524)	
Net current liabilities			**(945,044)**		(1,041,518)
Total assets less current liabilities			**3,769,343**		3,121,592
Creditors: amounts falling due after more than one year	12		**(3,714,759)**		(3,096,667)
Pension liability/asset	18		**-**		(11,547,000)
Net assets/(liabilities)			**54,584**		(11,522,075)
Capital and reserves					
Called up share capital	15		**1**		1
Profit and loss account	17		**54,583**		(11,522,076)
			54,584		(11,522,075)

The financial statements were approved and authorised for issue by the board and were signed on its behalf by:

Alan Denby
Director

Date:

The notes on pages 14 to 25 form part of these financial statements.

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2023

	Called up share capital	Profit and loss account	Total equity
	£	£	£
At 1 April 2021	**1**	**(13,332,094)**	**(13,332,093)**
Comprehensive income for the year			
Loss for the year	**-**	**(662,982)**	**(662,982)**
Actuarial gains on pension scheme	**-**	**2,473,000**	**2,473,000**
At 1 April 2022	**1**	**(11,522,076)**	**(11,522,075)**
Comprehensive income for the year			
Loss for the year	**-**	**(837,341)**	**(837,341)**
Actuarial gains on pension scheme and surplus not recognised	**-**	**12,414,000**	**12,414,000**
Total comprehensive income for the year	**-**	**11,576,659**	**11,576,659**
At 31 March 2023	**1**	**54,583**	**54,584**

The notes on pages 14 to 25 form part of these financial statements.

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 MARCH 2023

	2023 £	2022 £
Cash flows from operating activities		
Loss for the financial year	**(837,341)**	(662,982)
Adjustments for:		
Depreciation of tangible assets	**841,913**	742,177
(Profit)/Loss on disposal of tangible assets	**(13,194)**	6,733
Interest paid	**161,985**	166,125
(Increase) in stocks	**(19,164)**	(27,170)
(Increase)/decrease in debtors	**(188,980)**	91,238
(Decrease)/increase in creditors	**(206,973)**	48,315
Pension serivce charge and interest	**867,000**	696,000
Net cash generated from operating activities	**605,246**	1,060,436
Cash flows from investing activities		
Purchase of tangible fixed assets	**(1,407,079)**	(248,856)
Sale of tangible fixed assets	**27,083**	27,391
Net cash from investing activities	**(1,379,996)**	(221,465)
Cash flows from financing activities		
Repayment of/new finance leases	**(525,178)**	(326,518)
New loans from the Council	**1,043,127**	-
Interest paid	**(22,470)**	(8,803)
HP interest paid	**(139,515)**	(157,322)
Net cash used in financing activities	**355,964**	(492,643)
Net (decrease)/increase in cash and cash equivalents	**(418,786)**	346,328
Cash and cash equivalents at beginning of year	**1,157,437**	811,109
Cash and cash equivalents at the end of year	**738,651**	1,157,437
Cash and cash equivalents at the end of year comprise:		
Cash at bank and in hand	**738,651**	1,157,437
	738,651	1,157,437

The notes on pages 14 to 25 form part of these financial statements.

ANALYSIS OF NET DEBT
FOR THE YEAR ENDED 31 MARCH 2023

	At 1 April 2022 £	Cash flows £	At 31 March 2023 £
Cash at bank and in hand	**1,157,437**	**(418,786)**	**738,651**
Debt due after 1 year	**-**	**(1,164,390)**	**(1,164,390)**
Debt due within 1 year	**(366,000)**	**121,263**	**(244,737)**
Finance leases	**(3,595,732)**	**525,178**	**(3,070,554)**
	(2,804,295)	**(936,735)**	**(3,741,030)**

The notes on pages 14 to 25 form part of these financial statements.

1. GENERAL INFORMATION

SWISCO Limited is a private company, limited by shares, incorporated in England, United Kingdom. The address of the registered office is Town Hall, Castle Circus, Torquay, Devon, United Kingdom, TQ1 3DR. The principal activity of the Company is to provide services to the local council.

2. ACCOUNTING POLICIES

2.1 BASIS OF PREPARATION OF FINANCIAL STATEMENTS

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies (see note 3).

The following principal accounting policies have been applied:

2.2 GOING CONCERN

Following the initial period of trading in 2020/21, SWISCO successfully moved to a sustainable funding model with the Council that enables the Company to achieve a moderate operating surplus. Before the technical accounting adjustments required by FRS 102, the company recorded a small profit in 2022/23.

The Council have committed to provide the company with appropriate support to enable them to meet all liabilities as they fall due for a period of at least 12 months from the approval of these financial statements, whilst the Company continues to improve its net current liability position under the new funding model. In light of this, the directors consider it appropriate for the financial statements to be prepared on a going concern basis.

2.3 REVENUE

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before revenue is recognised:

Rendering of services

Revenue from a contract to provide services is recognised in the period in which the services are provided in accordance with the stage of completion of the contract when all of the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the Company will receive the consideration due under the contract;
- the stage of completion of the contract at the end of the reporting period can be measured reliably; and
- the costs incurred and the costs to complete the contract can be measured reliably.

2. ACCOUNTING POLICIES (continued)

2.4 OPERATING LEASES: THE COMPANY AS LESSEE

Rentals paid under operating leases are charged to profit or loss on a straight-line basis over the lease term.

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight-line basis over the lease term, unless another systematic basis is representative of the time pattern of the lessee's benefit from the use of the leased asset.

2.5 FINANCE COSTS

Finance costs are charged to profit or loss over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

2.6 BORROWING COSTS

All borrowing costs are recognised in profit or loss in the year in which they are incurred.

2.7 PENSIONS

DEFINED CONTRIBUTION PENSION PLAN

The Company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity. Once the contributions have been paid the Company has no further payment obligations.

The contributions are recognised as an expense in profit or loss when they fall due. Amounts not paid are shown in accruals as a liability in the Statement of financial position. The assets of the plan are held separately from the Company in independently administered funds.

DEFINED BENEFIT PENSION PLAN

The Company operates a defined benefit plan for certain employees. A defined benefit plan defines the pension benefit that the employee will receive on retirement, usually dependent upon several factors including but not limited to age, length of service and remuneration. A defined benefit plan is a pension plan that is not a defined contribution plan.

The liability recognised in the Statement of financial position in respect of the defined benefit plan is the present value of the defined benefit obligation at the end of the reporting date less the fair value of plan assets at the reporting date (if any) out of which the obligations are to be settled.

The defined benefit obligation is calculated using the projected unit credit method. Annually the company engages independent actuaries to calculate the obligation. The present value is determined by discounting the estimated future payments using market yields on high quality corporate bonds that are denominated in sterling and that have terms approximating to the estimated period of the future payments ('discount rate').

The fair value of plan assets is measured in accordance with the FRS 102 fair value hierarchy and in accordance with the Company's policy for similarly held assets. This includes the use of appropriate valuation techniques.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to other comprehensive income. These amounts together with the return on plan assets, less amounts included in net interest, are disclosed as 'Remeasurement of net defined benefit liability'.

2. ACCOUNTING POLICIES (continued)

2.7 PENSIONS (CONTINUED)

The cost of the defined benefit plan, recognised in profit or loss as employee costs, except where included in the cost of an asset, comprises:

a) the increase in net pension benefit liability arising from employee service during the period; and

b) the cost of plan introductions, benefit changes, curtailments and settlements.

The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is recognised in profit or loss as a 'finance expense'.

2.8 TANGIBLE FIXED ASSETS

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

2.9 DEPRECIATION

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following basis:

Long-term leasehold property	- 5 to 15 years
Plant and machinery	- 2 to 10 years

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in profit or loss.

2.10 STOCKS

Stocks are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell. Cost is based on the cost of purchase on a weighted average basis.

At each reporting date, stocks are assessed for impairment. If stock is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in profit or loss.

2.11 DEBTORS

Short-term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

2. ACCOUNTING POLICIES (continued)

2.12 CASH AND CASH EQUIVALENTS

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments 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.

In the Statement of cash flows, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the Company's cash management.

2.13 CREDITORS

Short-term creditors are measured at the transaction price. 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.

2.14 PROVISIONS FOR LIABILITIES

Provisions are made where an event has taken place that gives the Company a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to profit or loss in the year that the Company becomes aware of the obligation, and are measured at the best estimate at the reporting date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Statement of financial position.

3. JUDGMENTS IN APPLYING ACCOUNTING POLICIES AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the group's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

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

The estimates and assumptions which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities are outlined below.

FRS102 Pension valuation
The FRS102 pension valuation for the Local Government Pension Scheme is conducted by an actuary and the assumptions drawn from the actuarial report impact SWISCo Limited's share of the pension liability. The estimation of the pension liability is based on a variety of external economic factors which change from year to year.

The Company has chosen not to recognise a surplus of £488,000 (2022 - £nil) in respect of its defined benefit pension scheme as it does not expect to recover the plan surplus either through reduced contributions in the future of through refunds from the plan for the forseeable future.

4. TURNOVER

An analysis of turnover by class of business is as follows:

	2023 £	2022 £
Cyclical	**14,789,353**	13,701,554
Ordered	**3,318,893**	1,989,863
External	**3,406,022**	2,988,570
	21,514,268	18,679,987

All turnover arose within the United Kingdom.

5. OPERATING LOSS

The operating loss is stated after charging:

	2023 £	2022 £
Depreciation	**841,913**	742,176
Auditors' remuneration	**16,500**	15,000
Other operating lease rentals	**316,000**	316,000
(Profit)/loss on sale of tangible assets	**(13,194)**	6,733

6. EMPLOYEES

Staff costs were as follows:

	2023 £	2022 £
Wages and salaries	**7,900,334**	7,461,834
Social security costs	**787,034**	642,522
Cost of defined benefit scheme	**1,199,019**	1,303,180
Cost of defined contribution scheme	**164,329**	140,082
	10,050,716	9,547,618

The average monthly number of employees, including the directors, during the year was as follows:

	2023 No.	2022 No.
Asset and Streetscene	**133**	134
Overhead	**14**	14
Waste and Recycling	**132**	133
	279	281

The total compensation paid to key management personnel during the year was £336,467 (2022: £254,106).

7. TANGIBLE FIXED ASSETS

	Long-term leasehold property £	Plant and machinery £	Total £
COST OR VALUATION			
At 1 April 2022	**355,220**	**4,943,576**	**5,298,796**
Additions	**46,518**	**1,360,561**	**1,407,079**
Disposals	**-**	**(40,000)**	**(40,000)**
At 31 March 2023	**401,738**	**6,264,137**	**6,665,875**
DEPRECIATION			
At 1 April 2022	**90,043**	**1,045,643**	**1,135,686**
Charge for the year on owned assets	**57,636**	**245,753**	**303,389**
Charge for the year on financed assets	**-**	**538,524**	**538,524**
Disposals	**-**	**(26,111)**	**(26,111)**
At 31 March 2023	**147,679**	**1,803,809**	**1,951,488**
NET BOOK VALUE			
At 31 March 2023	**254,059**	**4,460,328**	**4,714,387**
At 31 March 2022	265,177	3,897,933	4,163,110

8. STOCKS

	2023 £	2022 £
Finished goods and goods for resale	**289,949**	270,785

9. DEBTORS

	2023 £	2022 £
Trade debtors	**455,142**	273,196
Other debtors	**11,711**	10,988
Prepayments and accrued income	**881,911**	875,600
	1,348,764	1,159,784

10. CASH AND CASH EQUIVALENTS

	2023 £	2022 £
Cash at bank and in hand	**738,651**	1,157,437

11. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2023 £	2022 £
Amounts owed to Council	**244,737**	366,000
Trade creditors	**709,417**	621,552
Other taxation and social security	**538,520**	520,190
Obligations under finance lease and hire purchase contracts	**520,185**	499,065
Other creditors	**33,483**	157,024
Accruals and deferred income	**1,276,066**	1,465,693
	3,322,408	3,629,524

12. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2023 £	2022 £
Amounts owed to Council	**1,164,390**	-
Net obligations under finance leases and hire purchase contracts	**2,550,369**	3,096,667

13. LOANS

Analysis of the maturity of loans is given below:

	2023 £	2022 £
AMOUNTS FALLING DUE WITHIN ONE YEAR		
Loan with Council	**244,737**	366,000
AMOUNTS FALLING DUE 1-2 YEARS		
Loan with Council	**240,093**	-
AMOUNTS FALLING DUE 2-5 YEARS		
Loan with Council	**636,631**	-
AMOUNTS FALLING DUE AFTER MORE THAN 5 YEARS		
Loan with Council	**287,666**	-
	1,409,127	366,000

14. HIRE PURCHASE AND FINANCE LEASES

Minimum lease payments under hire purchase fall due as follows:

	2023 £	2022 £
Within one year	**520,185**	499,065
Between 1-5 years	**2,298,146**	2,229,668
Over 5 years	**252,223**	866,999
	3,070,554	3,595,732

15. SHARE CAPITAL

	2023 £	2022 £
ALLOTTED, CALLED UP AND FULLY PAID		
1 Ordinary shares share of £1.00	**1**	1

16. DEFERRED TAXATION

The deferred tax asset relating to the defined benefit pension scheme and trading losses during the year has not been recognised as there is no certainty over making profits in the short term. The value of the deferred tax asset is £39,672 (2022: £2,874,465).

17. RESERVES

Profit and loss account

The profit and loss reserve reflects cumulative profits and losses net of distributions to shareholders.

18. PENSION COMMITMENTS

The Company operates a defined benefit pension scheme.

The company operates a defined benefit pension scheme. The assets of the scheme are held seperately from those of the company in an independently administered fund. The contributions payable by the company to the fund amounted to £792,349 (2022: £747,261). Contributions totalling £33,232 (2022: £64,819) were payable to the fund at the balance sheet date and are included in creditors.

The pension cost and provision for the year ended 31 March 2023 are based on the advice of a professionally qualified actuary.

Reconciliation of present value of plan liabilities:

	2023 £	2022 £
RECONCILIATION OF PRESENT VALUE OF PLAN LIABILITIES		
At the beginning of the year	**27,943,000**	28,001,000
Current service cost	**1,183,000**	1,294,000
Interest cost	**710,000**	571,000
Actuarial gains/losses	**(13,454,000)**	(1,582,000)
Employee contributions	**171,000**	160,000
Benefits paid	**(342,000)**	(501,000)
Derecognition of surplus	**488,000**	-
AT THE END OF THE YEAR	**16,699,000**	27,943,000

Reconciliation of present value of plan assets:

	2023 £	2022 £
At the beginning of the year	**16,396,000**	14,948,000
Interest income	**424,000**	309,000
Employer contributions	**612,000**	598,000
Employee contributions	**171,000**	160,000
Benefits paid	**(342,000)**	(501,000)
Administration expenses	**(10,000)**	(9,000)
Return on assets less interest	**(552,000)**	891,000
AT THE END OF THE YEAR	**16,699,000**	16,396,000

18. PENSION COMMITMENTS (CONTINUED)

	2023 £	2022 £
Fair value of plan assets	**16,699,000**	16,396,000
Present value of plan liabilities	**(16,699,000)**	(27,943,000)
NET PENSION SCHEME LIABILITY	**-**	(11,547,000)

The amounts recognised in profit or loss are as follows:

	2023 £	2022 £
Current service cost	**(1,183,000)**	(1,294,000)
Interest on obligation	**(710,000)**	(571,000)
Interest income on plan assets	**414,000**	300,000
TOTAL	**(1,479,000)**	(1,565,000)

The Company expects to contribute £564,000 to its defined benefit pension scheme in 2024.

Principal actuarial assumptions at the reporting date (expressed as weighted averages):

	2023 %	2022 %
Discount rate	**4.8**	2.55
Future salary increases	**3.9**	4.15
Future pension increases	**2.9**	3.15
Inflation assumption	**2.9**	3.15
Mortality rates (years)		
- for a male aged 65 now	**21.8**	22.70
- at 65 for a male aged 45 now	**23.1**	24
- for a female aged 65 now	**22.9**	24
- at 65 for a female member aged 45 now	**24.4**	25.4

19. RELATED PARTY TRANSACTIONS

Owed to parent

During the year transactions with Torbay Council were as follows: turnover through the statement of comprehensive income totalled £18,108,247 (2022: £15,691,417). Expenditure totalled £1,694,341 (2022: £1,555,553).

Included within debtors are balances owed from Torbay Council amounting to £737,066 (2022: £218,758).

Included within creditors are balances owed to Torbay Council amounting to £1,897,956 (2022: £897,537).

Owed to fellow subsidiaries

Included within creditors are balances owed to Torbay Economic Development Company amounting to £1,250 (2022: £2,927).

20. CONTROLLING PARTY

Torbay Council is the immediate and ultimate parent undertaking the financial statements are available from its Registered Office at Town Hall, Castle Circus, Torquay, Devon, United Kingdom, TQ1 3DR.

DETAILED PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 MARCH 2023

	2023 £	2022 £
Turnover	**21,514,268**	18,679,987
Cost Of Sales	**(17,929,840)**	(15,143,356)
GROSS PROFIT	**3,584,428**	3,536,631
GROSS PROFIT %	**16.7 %**	18.9 %
LESS: OVERHEADS		
Administration expenses	**(3,963,784)**	(3,762,488)
OPERATING LOSS	**(379,356)**	(225,857)
Interest payable	**(161,985)**	(166,125)
Other finance income	**(296,000)**	(271,000)
LOSS FOR THE YEAR	**(837,341)**	(662,982)

SCHEDULE TO THE DETAILED ACCOUNTS
FOR THE YEAR ENDED 31 MARCH 2023

	2023	2022
	£	£
REVENUE		
Cyclical	**14,789,353**	13,701,554
Ordered	**3,318,893**	1,989,863
External	**3,406,022**	2,988,570
	21,514,268	18,679,987

	2023	2022
	£	£
COST OF SALES		
Purchases - finished goods	**3,381,040**	2,949,085
Wages and salaries	**7,270,463**	6,877,377
National insurance	**720,985**	601,628
CoS staff pens costs - defined contribution scheme	**164,329**	140,082
CoS staff pens current service costs (DB)	**1,075,000**	1,211,000
Subcontract labour	**1,582,057**	1,021,359
Hire of plant and equipment	**1,324,153**	827,099
Depreciation of plant and equipment	**149,397**	51,166
Direct expenditure	**402,060**	356,215
Agency	**1,860,356**	1,108,345
	17,929,840	15,143,356

SCHEDULE TO THE DETAILED ACCOUNTS
FOR THE YEAR ENDED 31 MARCH 2023

	2023 £	2022 £
ADMINISTRATIVE EXPENSES		
Staff salaries	**629,871**	584,457
Staff private health insurance	**13,650**	25,214
Staff national insurance	**66,049**	40,893
Staff pension costs - defined benefit schemes	**16,019**	9,180
Staff pension current service costs (DB)	**108,000**	83,000
Staff training	**99,264**	36,406
Staff welfare	**32,949**	30,401
Motor running costs	**33,657**	32,554
Printing and stationery	**104,170**	73,607
Computer costs	**138,944**	176,831
Advertising and promotion	**3,733**	11,281
Legal and professional	**433,078**	529,009
Overhead accruals and accountancy costs	**55,897**	68,816
Bank charges	**19,816**	21,864
Sundry expenses	**32,077**	21,270
Rent - operating leases	**316,000**	316,000
Rates	**142,734**	142,587
Water	**44,965**	41,110
Light and heat	**122,608**	75,187
Cleaning	**(2,704)**	12,785
Insurances	**677,381**	648,880
Repairs and maintenance	**116,337**	64,754
Sundry establishment expenses	**50,208**	9,025
Depreciation - plant and machinery	**608,769**	636,724
Depreciation - leasehold property	**57,635**	54,287
Profit/loss on sale of tangible assets	**(13,194)**	6,733
Other expenditure	**53,999**	10,207
Bad debt	**1,872**	(574)
	3,963,784	3,762,488

	2023 £	2022 £
Bank loan interest payable	**22,470**	8,803
Hire purchase interest payable	**139,515**	157,322
	161,985	166,125

SCHEDULE TO THE DETAILED ACCOUNTS
FOR THE YEAR ENDED 31 MARCH 2023

	2023	2022
	£	£
Interest income on pension scheme assets	**414,000**	300,000
Interest on pension scheme liabilities	**(710,000)**	(571,000)
	(296,000)	(271,000)