

**THE STATES OF DELIBERATION**  
**of the**  
**ISLAND OF GUERNSEY**

**STATES' TRADING SUPERVISORY BOARD**

**GUERNSEY WASTE ACCOUNTS 2022**

The States are asked to decide:-

1. Whether they are of the opinion to agree with the States' Trading Supervisory Board's approval of the Guernsey Waste Accounts for the year ending 31 December 2022.

The above Proposition has been submitted to His Majesty's Procureur for advice on any legal or constitutional implications.

**States of Guernsey**  
**States' Trading Supervisory Board**  
**Guernsey Waste**

**Annual Report and Audited Financial Statements**

**For the year ended 31 December 2022**

# States' Trading Supervisory Board Guernsey Waste

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# States' Trading Supervisory Board Guernsey Waste

## States' Trading Supervisory Board Members, Principal Officers and Professional Advisers

### States' Trading Supervisory Board Members

Deputy P. Roffey                      President  
Deputy C. Parkinson  
Deputy N. Moakes  
Mr S. Falla CBE  
Dr S. Thornton

The constitution of the States' Trading Supervisory Board ("STSB") provides that the membership of the STSB shall be a President and two members who shall be sitting members of the States and up to two voting members who shall not be sitting members of the States. If and when the STSB is inquorate and an urgent decision is required, the States' Rules of Procedure allow for the insufficiency of members to be replaced by members of the States chosen, in the first instance, from members of the Policy & Resources Committee.

### Principal Officers to the States' Trading Supervisory Board

Mr S. Elliott, Managing Director, States Trading Group  
Mr A. Ford, Head of Shareholder Executive, States Trading Group  
Mr S. Gardiner, Finance Business Partner, States Trading Group resigned 5 December 2022  
Mr M. Salmon, Finance Business Partner, States Trading Group appointed 5 December 2022

### Guernsey Waste Board Members

Dr S. Thornton                      Chairman  
Deputy C. Parkinson  
Mr M. Jones                      non-voting adviser  
Mr P. Watson                      non-voting adviser  
Miss S. Robinson                      non-voting adviser  
Mr I. Merrien                      non-voting adviser

At its meeting of 4 May 2017, the STSB agreed to establish political subcommittees (company boards) for the trading businesses, including the Solid Waste Trading Account which transferred its assets to Guernsey Waste on its inception on 1 January 2019.

The constitution of the company boards was determined by the STSB at its meeting of 4 May 2017, which was adopted by the Guernsey Waste Board ("GWB") on 1 January 2019.

Further information on the role of the GWB is provided in the section on Corporate Governance

# States' Trading Supervisory Board Guernsey Waste

## States' Trading Supervisory Board Members, Principal Officers and Professional Advisers – continued

### Principal Officers to the Guernsey Waste Board

Miss S. Robinson, Operations Manager, Guernsey Waste  
Mr I. Merrien, Senior Finance Manager, Guernsey Waste  
Mr R. Roussel, Technical Advisor, Guernsey Waste  
Mrs R. Scally, Contracts Manager, Guernsey Waste

In these financial statements any reference to "President" refers to the President of the STSB and any reference to "Chairman" refers to the Chairman of the GWB.

### Legal Advisers

Law Officers of the Crown  
St James Chambers  
St James Street  
St Peter Port  
GY1 2PA

### Independent Auditor

Grant Thornton Limited  
St James Place  
St James Street  
St Peter Port  
GY1 2NZ

# States' Trading Supervisory Board

## Guernsey Waste

### Chairman's Report

#### Overview

Guernsey Waste was established as one of the unincorporated trading businesses, overseen by the States' Trading Supervisory Board ("STSB"), in 2019. The STSB acts as the Waste Disposal Authority ("WDA") and is responsible for implementing the island's agreed Waste Strategy and Waste Management Plan, the requirements of which are delivered at an operational level by Guernsey Waste. Waste policy is set by the Committee *for the Environment & Infrastructure* whilst the WDA advises on its development.

#### Business performance

In 2022, a Policy Letter was taken to the States of Deliberation with proposals on how Guernsey Waste's deficit on its account could be resolved. This resulted in agreement to increase the household waste charges annually from 2023 to 2025, by no more than an increase of RPIx plus 1% (capped at £5) per year in relation to the WDA's annual waste charge and no more than RPIx plus 1% (capped at 5%) for the "pay as you throw" bag charge for general waste.

The States of Guernsey also resolved that as the self-funding model for Guernsey Waste was not sustainable in the short, medium, or long term, that the Policy & Resources Committee be directed to write off Guernsey Waste's accumulated losses, before depreciation, of £2.97m for 2019, 2020 and 2021 combined and from 2022 onwards. Therefore, Guernsey Waste is to be provided with an annual cash limit from General Revenue to cover their forecast trading deficit for each year.

#### Our community

Guernsey Waste's vision is to enable the island to become a leader in sustainable and environmental waste resource management at an affordable cost by delivering services that enable Islanders to deal with their waste as high up the waste hierarchy as is possible (for example, the Household Waste & Recycling Centre). The business also runs many campaigns and initiatives with the underlying principle of reduce, reuse, recycle to encourage islanders to move their waste up the waste hierarchy. Campaigns and initiatives such as Love Food Hate Waste, real nappy subsidy and composting kits. This all supported by an established and evolving community wide educational programme.

# States' Trading Supervisory Board

## Guernsey Waste

### Chairman's Report - continued

#### Our team

Guernsey Waste is a commissioning organisation comprised of a small administrative team of 9 staff with support, such as finance, being provided from the corporate function of the Trading Group. It contracts out most of its operations to States Works and other local contractors but also has contracts with UK based off takers for several waste streams. The Guernsey Waste team oversees the procurement and management of these contracts and provides a customer service and educational function on all waste and recycling matters to the island.

#### Our business strategy and future

Although direction as to how Guernsey Waste will manage its operating deficit has been given, attention must still be given to ensuring its services are run efficiently, and the business will continue to review its activities and make changes where identified.

With the achievement of a high domestic recycling rate the business has turned its attention to identifying ways to move other waste streams higher up the waste hierarchy, where appropriate focusing on those areas at the top of the hierarchy i.e. prevention.

Several operational challenges also need to be tackled in terms of Mont Cuet and Longue Hougue Land Reclamation site coming to the end of their operational life.

# States' Trading Supervisory Board

## Guernsey Waste

### Operations Manager's Report

The STSB presents its report and the audited financial statements for Guernsey Waste for the year ended 31 December 2022. These comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Equity, the Statement of Cash Flows and the related notes 1 to 21.

### Principal activities

Guernsey Waste ensures the statutory obligations of the island's WDA are met, at an operational level in accordance with the current Waste Management Plan approved by the States. Its main activities are to:

- make arrangements for, and ensure the operation of Guernsey's public waste management arrangements.
- monitor the creation of waste in Guernsey.
- keep under review the systems for collection, transportation, sorting and recycling of waste.
- identify the best practical environmental options for the recovery or disposal of waste.
- carry out such other functions as may be created, assigned or transferred for or to it by the Environmental Pollution Law or any other enactment.

### Our customers

Guernsey Waste's customer base is predominantly the general public, local businesses and private customers including local Parish Douzaines.

### Financial performance

	<b>Actual 2022 £'000</b>	<b>Budget 2022 £'000</b>	<b>Actual 2021 £'000</b>
Revenue	<b>10,424</b>	9,911	9,203
Operating surplus/(deficit) before depreciation	<b>172</b>	(1,308)	(606)
Deficit for the financial year	<b>(1,795)</b>	(3,276)	(2,543)
Capital expenditure	<b>35</b>	160	15



# States' Trading Supervisory Board

## Guernsey Waste

### Operations Manager's Report – continued

#### Operational performance

Guernsey Waste improved on the expected position and made an operating surplus before depreciation for the year of £172k compared to a budgeted deficit of £1,308k. The key differences were:

Operating revenue for Guernsey Waste was £10,424k which is £513k higher than budgeted revenue. The main reasons for this are:

- An increase in inert waste revenue, mainly due to increased tonnage.
- An increase in HWRC revenue due to increased tonnages at the HWRC.

Actual expenditure for the year is below budgeted expenditure. The main reasons for the underspend are:

- The contracts with States Works are 'cost-plus' agreements. The budget was based on original modelled costs, however lower expenditure has continued, resulting in lower expenditure.
- Expenditure relating to the inert waste project did not take place during 2022 so was deferred into 2023.

#### Statement of responsibilities for the preparation of financial statements

The STSB is required to prepare financial statements for each financial year, which give a true and fair view of the state of affairs for Guernsey Waste and of the surplus or deficit of Guernsey Waste for that period. In preparing those financial statements, the STSB is required to:

- select suitable accounting policies and then apply them consistently,
- make judgements and estimates that are reasonable and prudent,
- prepare the financial statements on the going concern basis, unless it is inappropriate to do so, and
- state whether applicable accounting standards have been followed.

The STSB is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time Guernsey Waste's financial position. The STSB is also responsible for identifying and installing internal controls, including financial controls, which are adequate for its own purposes and to safeguard the assets of Guernsey Waste and the States of Guernsey in its care, and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

# States' Trading Supervisory Board

## Guernsey Waste

### Operations Manager's Report – continued

#### Statement of financial controls

The STSB is responsible for the economic, efficient and effective operations and management of Guernsey Waste and has a duty to ensure that they fulfil their obligations.

Guernsey Waste's internal financial controls and monitoring procedures include:

- Annually reported and approved budgets monitored against monthly management accounts with additional operational detail reported in monthly management reports, which monitor actual revenue and expenditure against that anticipated. All such detail is regularly reviewed at meetings of the STSB and GWB, to ensure that all board members are informed of Guernsey Waste's financial affairs,
- Customer invoices are subjected to a range of pre-determined computerised integrity checks prior to dispatch in order to ensure accuracy,
- Regular review of debtors to ensure that any delinquent debtors are identified at an early stage and dealt with appropriately,
- The control of materials and stores purchases are managed using a computerised programme with specific authorisation limits for purchases and segregated areas of responsibility for processing of payments, all of which maintain detailed audit trails,
- Manpower expenditure is monitored and controlled at source,
- Capital expenditure authorisation is subject to strict valuation guidelines and purchase procedures,
- Regular review of waste charges, and
- Consideration of all audit reports by the STSB.

The STSB strives to ensure that all staff with financial responsibility in Guernsey Waste have the appropriate integrity, skills and motivation to professionally discharge their duties.

Guernsey Waste's internal controls and accounting policies have been and are subject to continuous review and improvement. In addition the financial statements are subject to an independent external audit by an auditor appointed by the States of Guernsey.

# States' Trading Supervisory Board

## Guernsey Waste

### Operations Manager's Report – continued

#### Going concern

The financial statements have been prepared on the going concern basis of accounting. The STSB and its Principal Officers have reviewed the cash flows and projected income and expenses over the next 12 months prepared by management, and deem that Guernsey Waste, as an essential part of the island's infrastructure and part of the States of Guernsey, has access to adequate financial resources to meet its obligations as they fall due. The STSB therefore believes that Guernsey Waste is a going concern for at least 12 months from the approval of the financial statements.

#### Auditors

Grant Thornton Limited have expressed their willingness to continue in office as auditors.

# States' Trading Supervisory Board

## Guernsey Waste

### Corporate Governance

The purpose of the GWB is to support the delivery of the STSB's mandate, ensuring the efficient and effective management, operation and maintenance of Guernsey Waste.

The GWB is accountable to the STSB and operates by challenging established practices and assumptions and seeking to support the business in establishing clear strategic direction, business planning and operational delivery in support of the outcomes of the Government Work Plan, the Public Service Reform Agenda, Service Guernsey and other strategic reviews and organisational drivers.

The GWB membership is a minimum of a Chairman who is not a States Member, a Political Member of the STSB, a Senior Executive of an Incorporated Company or one or more Senior Officers of the States of Guernsey, the Guernsey Waste Operations Manager and the Financial Manager.

All members of the GWB other than the Operations Manager and the Financial Manager are appointed by the STSB.

As a subcommittee of the States of Guernsey, the quorum will be two members of the STSB.

The GWB does not hold a fiduciary responsibility.

The GWB will take into account the States of Guernsey's political direction with regard to the operation of Guernsey Waste, as directed from time to time by the STSB. It must ensure that Guernsey Waste's operations and operational policies align with the wider strategy and policy framework of the States of Guernsey and/or the STSB. The GWB may generate policy for endorsement by the STSB and onward to the States of Guernsey as required.

The STSB specifically confers the following responsibilities and delegated authority to the GWB to:

- Approve capital and revenue annual budgets in line with the long-term budgets approved by the STSB,
- Approve annual business plans in line with long-term strategy and planning approved by or directed by the STSB,
- Approve and issue annual reports, and
- Guide and steer Guernsey Waste.

In carrying out these responsibilities the GWB is bound and enabled by States of Guernsey rules for financial and resource management and the rules, directives, policies and procedures of the States of Guernsey, such as, but not limited to: Finance; Procurement; Property; Human Resources; Data Protection; Health and Safety Management; Risk and Issue Management; Managing Matters of Litigation; and Relevant legislation. The GWB has the authority delegated by the STSB to direct the Guernsey Waste Operations Manager in the day-to-day operation of Guernsey Waste, in line with approved budgets and business plans.

# States' Trading Supervisory Board Guernsey Waste

## Corporate Governance - continued

The GWB acts as a political sub-committee of the STSB.

The STSB can disband GWB at any time without notice or recourse to any other body.

In the event due process has not been followed, the GWB must render itself unable to make a decision until such time process has been followed.

# States' Trading Supervisory Board Guernsey Waste

## Independent Auditor's Report to the Members of the States of Guernsey – States' Trading Supervisory Board – Guernsey Waste

### Opinion

We have audited the financial statements of the States of Guernsey – States' Trading Supervisory Board ("STSB") – Guernsey Waste for the year ended 31 December 2022, which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Equity, the Statement of Cash Flows 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 United Kingdom and the Republic of Ireland' ("FRS 102").

In our opinion, the financial statements:

- give a true and fair view of the state of Guernsey Waste's affairs as at 31 December 2022 and of its deficit for the year then ended; and
- are in accordance with FRS 102.

### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) 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 Guernsey Waste in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code), together with the ethical requirements that are relevant to our audit of the financial statements in Guernsey, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

# States' Trading Supervisory Board

## Guernsey Waste

### Independent Auditor's Report to the Members of the States of Guernsey – States' Trading Supervisory Board – Guernsey Waste - continued

#### **Other information**

The STSB is responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

#### **Responsibilities of the STSB for the financial statements**

As explained more fully in the statement of responsibilities for the preparation of financial statements set out on page 8, the STSB is responsible for the preparation of the financial statements which give a true and fair view in accordance with FRS 102, and for such internal control as the STSB 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 STSB is responsible for assessing Guernsey Waste'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 STSB either intend to liquidate Guernsey Waste or to cease operations, or have no realistic alternative but to do so.

# States' Trading Supervisory Board

## Guernsey Waste

### Independent Auditor's Report to the Members of the States of Guernsey – States' Trading Supervisory Board – Guernsey Waste - continued

#### **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 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.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Guernsey Waste's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on Guernsey Waste's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause Guernsey Waste to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.



# States' Trading Supervisory Board Guernsey Waste

## Independent Auditor's Report to the Members of the States of Guernsey – States' Trading Supervisory Board – Guernsey Waste - continued

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

### **Use of our report**

This report is made solely to the members of the STSB. Our audit work has been undertaken so that we might state to the members of the STSB 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 Guernsey Waste and the members of the STSB, for our audit work, for this report, or for the opinions we have formed.



**Grant Thornton Limited**  
Chartered Accountants  
St Peter Port, Guernsey

22 May 2023

# States' Trading Supervisory Board

## Guernsey Waste

### Statement of Comprehensive Income

for the year ended 31 December 2022

	Notes	2022 £'000	2021 £'000
<b>Revenue</b>	2 & 4	<u>10,424</u>	<u>9,203</u>
<b>Expenses</b>	2 & 5		
Operating expenses		(8,333)	(8,012)
Administration and general expenses		<u>(1,919)</u>	<u>(1,797)</u>
		<u>(10,252)</u>	<u>(9,809)</u>
<b>Operating surplus/(deficit) before depreciation</b>		172	(606)
Depreciation	8	(1,932)	(1,929)
Loss on disposal of fixed assets	8	<u>(12)</u>	<u>-</u>
<b>Operating deficit for the year</b>		<u>(1,772)</u>	<u>(2,535)</u>
Interest payable		<u>(23)</u>	<u>(8)</u>
<b>Deficit for the financial year</b>		<u><u>(1,795)</u></u>	<u><u>(2,543)</u></u>

All material activities derive from continuing operations.

There are no recognised gains or losses or other movements in reserves for the current or preceding financial years, other than as stated in the Statement of Comprehensive Income.

Notes 1 to 21 form an integral part of these financial statements.

# States' Trading Supervisory Board

## Guernsey Waste

### Statement of Financial Position

as at 31 December 2022

	Notes	2022 £'000	2021 £'000
<b>Non-current assets</b>			
Tangible fixed assets	8	<u>24,245</u>	<u>26,154</u>
<b>Current assets</b>			
Inventories	10	257	255
Debtors and prepayments	11	1,157	1,503
Balances with States Treasury		<u>1,560</u>	<u>-</u>
		<u>2,974</u>	<u>1,758</u>
<b>Creditors: amounts falling due within one year</b>			
Balances with States Treasury		-	(2,253)
Creditors	12	<u>(1,574)</u>	<u>(1,194)</u>
		<u>(1,574)</u>	<u>(3,447)</u>
<b>Net current assets/(liabilities)</b>		<u>1,400</u>	<u>(1,689)</u>
<b>Total net assets</b>		<u>25,645</u>	<u>24,465</u>
<b>Reserves</b>	13	<u>25,645</u>	<u>24,465</u>

Signed on behalf of the States of Guernsey – States' Trading Supervisory Board



**Deputy P. Roffey**  
President

22 May 2023

Signed on behalf of the States Trading Group



**Mr S. Elliott**  
Managing Director

22 May 2023

Notes 1 to 21 form an integral part of these financial statements.

# States' Trading Supervisory Board

## Guernsey Waste

### Statement of Changes in Equity

*for the year ended 31 December 2022*

	Notes	2022 £'000	2021 £'000
<b>Balance at 1 January</b>		<b>24,465</b>	26,967
Deficit for the financial year		<b>(1,795)</b>	(2,543)
Transfer in of Waste Transfer Station & HWRC	13	-	41
Cash funding from General Revenue	13	<b>2,975</b>	-
<b>Balance at 31 December</b>	13	<b>25,645</b>	24,465

Notes 1 to 21 form an integral part of these financial statements.

# States' Trading Supervisory Board

## Guernsey Waste

### Statement of Cash Flows

for the year ended 31 December 2022

	Notes	2022 £'000	2021 £'000
<b>Net cash flows from operating activities</b>	14	<u>896</u>	<u>349</u>
<b>Cash flows from investing activities</b>			
Purchase of fixed assets	9	<u>(35)</u>	<u>(15)</u>
<b>Net cash flows used in investing activities</b>		<u>(35)</u>	<u>(15)</u>
<b>Cash flows from financing activities</b>			
Contribution from General Revenue	13	<u>2,975</u>	-
Interest paid		<u>(23)</u>	<u>(8)</u>
<b>Net cash flows from/(used in) financing activities</b>		<u>2,952</u>	<u>(8)</u>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>3,813</b>	<b>(326)</b>
<b>Cash and cash equivalents at the beginning of the year</b>		<u>(2,253)</u>	<u>(2,579)</u>
<b>Cash and cash equivalents at the end of the year</b>		<u><b>1,560</b></u>	<u><b>(2,253)</b></u>
<b>Reconciliation to cash at bank and in hand:</b>			
Balances with States Treasury		<u>1,560</u>	<u>(2,253)</u>
<b>Cash and cash equivalents</b>		<u><b>1,560</b></u>	<u><b>(2,253)</b></u>

Notes 1 to 21 form an integral part of these financial statements.

# States' Trading Supervisory Board

## Guernsey Waste

### Notes to the Financial Statements

1. General information

Guernsey Waste is an unincorporated business, the management, operation and maintenance of which is the responsibility of the States of Guernsey – STSB. The nature of Guernsey Waste's operations and principal activities are set out in the Operations Manager's report.

Guernsey Waste's principal places of business are Longue Hougue, Bulwer Avenue, St Sampson, GY2 4LE and La Hure Mare, Vale, Guernsey, GY3 5UD.

2. Principal accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

*Accounting convention*

The financial statements are prepared in accordance with the stated accounting policies and under the historical cost convention and in accordance with Financial Reporting Standard 102 ("FRS 102") issued by the Financial Reporting Council.

*Functional and presentational currency*

The financial statements are presented in Pounds Sterling, which is the functional and presentational currency of Guernsey Waste and have been rounded to the nearest thousand.

*Going concern*

The financial statements have been prepared on the going concern basis of accounting. The STSB and its Principal Officers have reviewed the cash flows and projected income and expenses over the next 12 months prepared by management, and deem that Guernsey Waste, as an essential part of the island's infrastructure and part of the States of Guernsey, has access to adequate financial resources to meet its obligations as they fall due. The STSB therefore believes that Guernsey Waste is a going concern for at least 12 months from the approval of the financial statements.

Notes 1 to 21 form an integral part of these financial statements.

# States' Trading Supervisory Board

## Guernsey Waste

### Notes to the Financial Statements – continued

2. Principal accounting policies – continued

*Tangible fixed assets*

i) Property, plant and equipment

Property, plant and equipment is stated at cost, net of depreciation and any provision for impairment. Property, plant and equipment is depreciated over their expected useful life except assets in the course of construction.

ii) Assets under construction

Assets under construction are capitalised and are transferred to tangible fixed assets and depreciated once brought into use. All costs associated with capital projects, including professional fees are capitalised.

*Depreciation*

Depreciation is calculated at the following annual rates so as to write off the cost of tangible fixed assets over their anticipated expected useful lives using the straight-line method. Depreciation commences from the month of the acquisition of an asset or, in the case of constructed assets, the asset being brought into a condition to be used as intended.

	Estimated life in years	Depreciation % per annum
Buildings and fittings	10 – 50	2% - 10%
Plant and equipment	3 – 20	5% - 33.3%
Office and ICT equipment	3 – 10	10% - 33.3%

*Impairment of assets (excluding inventories)*

Assets are assessed for indicators of impairment at the end of each reporting period. If there is objective evidence of impairment, an impairment loss is recognised in the Statement of Comprehensive Income. An asset is impaired where there is objective evidence that, as a result of one or more events that occurred after initial recognition, the estimated recoverable value of the asset has been reduced. The recoverable amount of an asset is the higher of its fair value less costs to sell and its value in use.

Notes 1 to 21 form an integral part of these financial statements.

# States' Trading Supervisory Board

## Guernsey Waste

### Notes to the Financial Statements – continued

#### 2. Principal accounting policies – continued

##### *Inventories*

Inventories are stated at the lower of cost and estimated selling price less costs to sell, which is equivalent to the net realisable value. Costs include an appropriate proportion of processing expenses and are calculated at average value method. Provisions are made for obsolete and slow-moving items where appropriate.

##### *Basic financial instruments*

##### i) Trade debtors

Trade debtors are recognised initially at original invoiced amount. Subsequent to initial recognition they are measured at amortised cost, less any impairment losses.

##### ii) Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and in hand and balances held by States Treasury on behalf of Guernsey Waste. Whilst Guernsey Waste operates a treasury account, the entity will make payments and receive money via bank accounts held centrally by the States of Guernsey. The net cash balance held with the States Treasury at the year-end is treated as Cash and Cash Equivalents in Guernsey Waste's Statement of Financial Position. This net cash balance may change on a daily basis, with surplus cash balances generating financial returns, and balances in deficit being charged interest. Any net cash balance held with the States Treasury could be reduced over a very short period of time without detriment, and therefore is considered to be a highly liquid investment, readily convertible to known amounts of cash and subject to an insignificant risk of any change in notional value.

##### iii) Trade creditors

Trade creditors are recognised initially at original invoiced amount plus attributable transaction costs. Subsequent to initial recognition they are measured at amortised cost.

Notes 1 to 21 form an integral part of these financial statements.



# States' Trading Supervisory Board

## Guernsey Waste

### Notes to the Financial Statements – continued

#### 2. Principal accounting policies – continued

##### iv) De-recognition of basic financial instruments

Financial assets are derecognised when and only when a) the contractual rights to the cash flows from the financial asset expire or are settled, b) the business transfers to another party substantially all of the risks and rewards of ownership of the financial asset, or c) the business, despite having retained some, but not all, significant risks and rewards of ownership, has transferred control of the asset to another party.

Financial liabilities are derecognised only when the obligation specified in a contract is discharged, cancelled or expires.

##### *Revenue and expenses*

Revenue and expenses are accounted for on an accruals basis. Revenue from the sale of goods is recognised when the goods are physically delivered to the customer. Revenue from the supply of services represents the value of services provided under contracts to the extent that there is a right to consideration and is recorded at the fair value of the consideration received or receivable. Where a contract has only been partially completed at the balance sheet date, turnover represents the fair value of the service provided to date based on the stage of completion of the contract activity at the balance sheet date.

Where payments are received from customers in advance of services provided, which includes 'pay-as-you-throw' stickers, the amounts are recorded as deferred revenue and included as part of creditors due within one year.

##### *Pension costs*

Pension costs are treated as described in note 17.

##### *Investment return*

Investment return on balances held with the States of Guernsey is accounted for on an accruals basis.

Notes 1 to 21 form an integral part of these financial statements.

# States' Trading Supervisory Board

## Guernsey Waste

### Notes to the Financial Statements – continued

#### 2. Principal accounting policies – continued

##### *Leases*

##### i) As lessee

Rentals under operating leases are charged on a straight-line basis over the lease term, even if the payments are not made on such a basis. Benefits received and receivable as an incentive to sign an operating lease are similarly spread on a straight-line basis over the lease term.

#### 3. Critical accounting judgements and key sources of estimation uncertainty

In the application of Guernsey Waste's accounting policies, which are described in note 2, the GWB is required to make judgements, estimates and assumptions about the carrying amounts 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 if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

There were no critical judgements that require disclosure made by the GWB in the process of applying Guernsey Waste's accounting policies. The following estimations made by the GWB have the most significant effect on the amounts recognised in the financial statements.

##### i) Depreciation rates

Some of Guernsey Waste's infrastructure assets have no definite life of the assets, so management makes an assumption based on the usage of the assets. The rate used for each type of asset that makes up the infrastructure assets has been disclosed in note 2.

Notes 1 to 21 form an integral part of these financial statements.

# States' Trading Supervisory Board

## Guernsey Waste

**Notes to the Financial Statements – continued**

4. Revenue

All revenue is derived from activities within the Bailiwick of Guernsey.

An analysis of Guernsey Waste's revenue by class of business, is set out below:

	<b>2022</b>	2021
	<b>£'000</b>	£'000
WDA Fixed charges	<b>2,651</b>	2,442
HWRC Operations	<b>499</b>	406
Sticker charges	<b>1,677</b>	1,840
Inert Waste	<b>2,536</b>	1,719
Commercial gate fees	<b>1,477</b>	1,351
Mont Cuet	<b>1,135</b>	1,010
Green Waste	<b>316</b>	324
Other	<b>133</b>	111
	<b>10,424</b>	9,203

Notes 1 to 21 form an integral part of these financial statements.

# States' Trading Supervisory Board

## Guernsey Waste

### Notes to the Financial Statements – continued

#### 5. Expenses

	<b>2022</b>	2021
	<b>£'000</b>	£'000
<b>Operating expenses</b>		
Waste Transfer Station	<b>4,113</b>	3,723
HWRC	<b>721</b>	583
Inert waste	<b>345</b>	340
Mont Cuet	<b>796</b>	641
Kerbside recycling	<b>678</b>	986
Green waste	<b>530</b>	428
Bring bank collections	<b>91</b>	60
Other landfill	<b>473</b>	508
Other operating expenses	<b>586</b>	743
	<b>8,333</b>	8,012
<b>Administration and general expenses</b>		
Salaries, wages and employer's pension costs	<b>466</b>	455
Rent	<b>336</b>	336
Management expenses	<b>355</b>	382
Audit fees	<b>16</b>	16
Insurance premium	<b>567</b>	481
Other administration expenses	<b>179</b>	127
	<b>1,919</b>	1,797
<b>Total expenses</b>	<b>10,252</b>	9,809

Notes 1 to 21 form an integral part of these financial statements.

# States' Trading Supervisory Board

## Guernsey Waste

### Notes to the Financial Statements – continued

#### 6. Staff numbers and costs

The average monthly number of full time equivalent employees (including senior management) was:

	<b>2022</b>	2021
Administration staff	<u>7</u>	<u>9</u>
	<u><b>7</b></u>	<u><b>9</b></u>

Their aggregate remuneration comprised:

	Note	<b>2022</b>	2021
		<b>£'000</b>	£'000
Wages and salaries		<b>390</b>	373
Social security costs		<b>27</b>	26
Pension costs	17	<u><b>49</b></u>	<u>57</u>
		<u><b>466</b></u>	<u><b>456</b></u>

Pension costs include only those items within administration and general expenses.

#### 7. Deficit for the financial year

Deficit for the financial year is stated after charging:

	Note	<b>2022</b>	2021
		<b>£'000</b>	£'000
Auditor's remuneration	5	<b>16</b>	16
Depreciation of tangible fixed assets	8	<b>1,932</b>	1,929
Loss on disposal of fixed assets	8	<u><b>12</b></u>	<u>-</u>
		<u><b>1,960</b></u>	<u><b>1,945</b></u>

Notes 1 to 21 form an integral part of these financial statements.

# States' Trading Supervisory Board

## Guernsey Waste

### Notes to the Financial Statements – continued

#### 8. Tangible fixed assets

	1 January 2022 £'000	Additions £'000	Disposals £'000	31 December 2022 £'000
<b>Cost</b>				
Buildings & fittings	18,703	35	-	<b>18,738</b>
Plant & equipment	11,727	-	(19)	<b>11,708</b>
Office equipment	1,276	-	-	<b>1,276</b>
	<u>31,706</u>	<u>35</u>	<u>(19)</u>	<u><b>31,722</b></u>
	1 January 2022 £'000	Charge for the year £'000	Disposals £'000	31 December 2022 £'000
<b>Depreciation</b>				
Buildings & fittings	1,787	628	-	<b>2,415</b>
Plant & equipment	3,393	1,176	(7)	<b>4,562</b>
Office equipment	372	128	-	<b>500</b>
	<u>5,552</u>	<u>1,932</u>	<u>(7)</u>	<u><b>7,477</b></u>
<b>Net Book Value</b>	<u>26,154</u>			<u><b>24,245</b></u>

Additions were mainly for fencing at Creve Couer (£26k). A gate at the HWRC was damaged and disposed of during the year at a loss of £12k.

Notes 1 to 21 form an integral part of these financial statements.

# States' Trading Supervisory Board

## Guernsey Waste

### Notes to the Financial Statements – continued

#### 9. Assets under construction

	1 January 2022 £'000	Expense in the year £'000	Transfers to Tangible Fixed Assets £'000	<b>31 December 2022 £'000</b>
<b>2022 Total</b>	<u>-</u>	<u>35</u>	<u>(35)</u>	<u>-</u>
2021 Total	-	15	(15)	-

Assets under construction completed in 2022 and transferred to fixed assets is for fencing and a hazardous waste container and bund.

#### 10. Inventories

	<b>2022 £'000</b>	2021 £'000
Inventories	<u>257</u>	<u>255</u>
	<u><b>257</b></u>	<u>255</u>

#### 11. Debtors and prepayments

	<b>2022 £'000</b>	2021 £'000
Trade debtors	<b>348</b>	283
Prepayments and other debtors	<b>228</b>	737
Accrued revenue	<u>581</u>	<u>483</u>
	<u><b>1,157</b></u>	<u>1,503</u>

Notes 1 to 21 form an integral part of these financial statements.

# States' Trading Supervisory Board

## Guernsey Waste

### Notes to the Financial Statements – continued

#### 12. Creditors: amounts falling due within one year

	2022 £'000	2021 £'000
Trade creditors	664	149
Accruals	772	909
Deferred income	138	136
	<u>1,574</u>	<u>1,194</u>

#### 13. Reserves

	Revenue reserve £'000	Asset transfer reserve £'000	Total £'000
<b>Balance at 1 January 2022</b>	<b>(8,527)</b>	<b>32,992</b>	<b>24,465</b>
Deficit for the financial year	(1,795)	-	(1,795)
Cash contribution from General Revenue	2,975	-	2,975
	<u>(7,347)</u>	<u>32,992</u>	<u>25,645</u>

All reserves are distributable.

Notes 1 to 21 form an integral part of these financial statements.



# States' Trading Supervisory Board

## Guernsey Waste

### Notes to the Financial Statements – continued

#### 14. Reconciliation of operating deficit to net cash flows from operating activities

	<b>2022</b>	2021
	<b>£'000</b>	£'000
<b>Operating deficit for the year</b>	<b>(1,772)</b>	(2,535)
Depreciation charges	<b>1,932</b>	1,929
Deficit on sale of tangible assets	<b>12</b>	-
(Increase)/decrease in inventories	<b>(2)</b>	1
Decrease in debtors and prepayments	<b>346</b>	741
Increase in creditors due within one year	<b>380</b>	213
<b>Net cash flows from operating activities</b>	<b>896</b>	349

#### 15. Financial commitments and contingent liabilities

There is a constructive obligation to cap the landfill site at Mont Cuet once it has reached the end of its useful life. It is not possible to reliably estimate when this will occur, or the cost of this obligation. As the obligation cannot be measured with sufficient reliability, no provision has been made in these financial statements.

Guernsey Waste has an assumed commitment to monitor all closed landfill sites for a period of time, possibly up to sixty years, from when they closed. The cost of monitoring all landfill sites in 2022 was £473k (2021: £501k), however it is not possible to reliably estimate the extent and longevity of this monitoring due to a number of varying factors and therefore it is also not possible to reliably estimate the costs that will be incurred in monitoring the landfill sites.

The Guernsey Waste Transfer Station and Household Waste Recycling Centre occupies land owned by the States of Guernsey and consequently has paid rent to the States of Guernsey. Although not finalised it is likely that Guernsey Waste will enter into a lease agreement for future rent payable.

There are no further contingent liabilities or financial commitments for which no provision has been made in these financial statements.

Notes 1 to 21 form an integral part of these financial statements.

# States' Trading Supervisory Board

## Guernsey Waste

### Notes to the Financial Statements – continued

#### 16. Financial instruments

Guernsey Waste's financial instruments may be analysed as follows:

	Note	2022 £'000	2021 £'000
<b>Financial assets at amortised cost</b>			
Cash and cash equivalents		1,560	-
Debtors	11	348	283
<b>Financial liabilities at amortised cost</b>			
Cash and cash equivalents		-	(2,253)
Creditors: amounts falling due within one year	12	(664)	(149)

Notes 1 to 21 form an integral part of these financial statements.

# States' Trading Supervisory Board

## Guernsey Waste

### Notes to the Financial Statements – continued

#### 17. Employee benefits

The employees of Guernsey Waste are members of the States of Guernsey Public Servants' Pension Scheme. These arrangements provide defined benefits on a career average revalued earnings (CARE) basis up to a salary cap (£94,081 as at 31 December 2022) for members joining from 1 May 2015 and, on a different CARE basis, for the service from 1 March 2016 of members who joined before 1 May 2015. There is a defined contribution section for earnings in excess of this salary cap. The arrangements for service before 1 March 2016 for members who joined before 1 May 2015 and for the future service of those closer to pension age remains final salary. The scheme is funded by contributions from both employer and employee. The employer rates for the defined benefits are determined on the basis of independent actuarial advice and calculated to spread the expected cost of benefits payable to employees over the period of those employees' expected service lives.

Although the scheme is a multi-employer plan, it is not possible to identify Guernsey Waste's share of the underlying assets and liabilities of the scheme on a reasonable and consistent basis. There is neither an agreement nor a policy in place to allocate any of the deficit of the pension scheme across the participating entities. The States of Guernsey is liable for any obligations that arise from the States of Guernsey Superannuation Fund in respect of employees of the States of Guernsey. All employees of Guernsey Waste are considered to be ultimately employees of the States of Guernsey.

Consequently, Guernsey Waste has accounted for the plan as if it were a defined contribution plan, whereby it has expensed employer contributions through the Statement of Comprehensive Income. The employees also contribute to the States of Guernsey Superannuation Fund. The contribution rates are determined by a qualified actuary on the basis of periodic valuations.

The total cost of employer contributions included within the Statement of Comprehensive Income amounted to £49k (2021: £57k). The rate of employer contributions was reduced with effect from 1 August 2022 from 14.1% to 10.3%.

Further details relating to the funding of the Superannuation Scheme are included within the States of Guernsey Accounts 2022.

Notes 1 to 21 form an integral part of these financial statements.

# States' Trading Supervisory Board

## Guernsey Waste

**Notes to the Financial Statements – continued**

18. Statement of control

Guernsey Waste is wholly owned and ultimately controlled by the States of Guernsey. Responsibility for the operations of Guernsey Waste has been delegated to the members of the STSB appointed by the States of Guernsey.

19. Related party transactions

The STSB is of the opinion that there have been no material related party transactions in the current or preceding financial years other than as described in these financial statements. All transactions are conducted as normal business arrangements carried out at "arm's length".

43% of the value of the organisation's annual expenditure is due to transactions with States Works (2021: 44%).

The total compensation of key management personnel in 2022 (including salaries and other benefits) was £226k (2021: £202k).

Related party transactions between Guernsey Waste and other entities controlled by the States of Guernsey have not been disclosed in accordance with the exemptions available within FRS102 Section 33 "Related Party Disclosures".

STSB member Mr S. Falla CBE declared that he was a major shareholder in the Garenne Group during 2022. As such, transactions which had taken place between Guernsey Waste and Garenne Group companies in the ordinary course of business were subject to declaration under FRS102 section 33. The aggregate of all of these transactions is disclosed below and all were conducted at arms-length in the normal course of business. Where any conflict of interest may exist, Mr Falla, as under normal rules, would excuse himself from any STSB or other meetings and has not participated in any discussions or voting regarding awarding any contracts leading to these transactions.

	<b>2022</b>	2021
	<b>£'000</b>	£'000
<b>Garenne Group</b>		
Income	<b>360</b>	368
	<b>360</b>	368

The £360k is from tipping of waste at published waste disposal prices (2021: £368k).

Notes 1 to 21 form an integral part of these financial statements.

# States' Trading Supervisory Board

## Guernsey Waste

### Notes to the Financial Statements – continued

20. Subsequent events

Management knows of no events subsequent to the end of the reporting period that would materially affect the financial statements.

21. Off balance-sheet arrangements

There are no commitments or contingent liabilities other than detailed in note 15 relating to 2022 which would affect these financial statements (2021: None).

Notes 1 to 21 form an integral part of these financial statements.