Registered number: 03475737

SUEZ Recycling and Recovery Holdings UK Ltd

Annual report and financial statements

For the year ended 31 December 2020

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SUEZ Recycling and Recovery Holdings UK Ltd

Company Information

Directors	D Palmer-Jones J Scanlon C Thorn
Company secretary	M H Thompson
Registered number	03475737
Registered office	SUEZ House Grenfell Road Maidenhead Berkshire SL6 1ES
Independent auditor	Mazars LLP Chartered Accountants and Statutory Auditor Tower Bridge House St Katharine's Way London E1W 1DD

SUEZ Recycling and Recovery Holdings UK Ltd

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SUEZ Recycling and Recovery Holdings UK Ltd

Group strategic report
for the year ended 31 December 2020

The directors present their strategic report for the year ended 31 December 2020.

Business review

The Group's key financial and other performance indicators for the year are as follows:

	2020 £000	2019 £000	*Change*
Revenue	**789,163**	**784,111**	-0.6 %
Gross profit	**132,951**	**114,981**	+15.6%
Operating profit	**25,764**	**37,044**	-30.5%
(Loss)/profit after tax	**(10,698)**	**13,883**	-177.3%
Total Equity	**365,559**	**385,319**	-5.1%
Current assets as % of current liabilities	**138%**	**139%**	
Average headcount	**5,665**	**5,168**	

SUEZ Recycling and Recovery Holdings UK Group (the Group) produced solid financial results in the year ended 31 December 2020; especially in light of the global COVID-19 pandemic.

The Group's collection activities were most impacted by the pandemic, with many customers temporarily closing down as a result of the UK lockdown announced in March 2020. Consequently, our revenue from industrial and commercial collections fell by £25m when compared with the prior year. However, these activities remained profitable before tax thanks to our strong recovery when lockdown restrictions eased in summer 2020 and cost optimisations to mitigate the volume impacts.

The Group started a major new Municipal collection contract on 30th March 2020 in Somerset, shortly after the nationwide lockdown commenced. To successfully roll out such a large municipal contract in such circumstances was a fantastic achievement. Planned service changes for this contract are being rolled out over the coming two years to improve efficiency and the customer experience. Elsewhere in our municipal business, contract extensions were agreed in 2020 for the Kensington and Chelsea contract and the Warwick contract.

The Group continued to see strong results from its Energy business in 2020. The turbines at the facilities in Wilton and Cornwall both performed well following some difficulties experienced in the previous year. Lines one and two at the Teesside facility also enjoyed a strong year, thanks to high tonnages processed and megawatt hours generated.

The Group's Household Waste Recycling Centres (HWRCs) were temporarily shut at the start of the COVID-19 pandemic, until Government guidance allowed such facilities to re-open under strict social distancing protocol. Transfer station and landfill assets were impacted to a lesser degree by lower tonnages. Our Material Recycling Facilities (MRF) were also impacted by changes in waste mix resulting from the pandemic, as well as low market driven prices for certain recyclables. During 2020 the Group saw the first full year of the contract with Greater Manchester Waste Authority (GMWA), with SUEZ handling 1.2 million tonnes of GMWA waste. Development work was completed in 2020 on the Longley Lane facilities that service this contract, with further development of the Raikes Lane Energy from Waste facility and Reliance Street Refuse Derived Fuel (RDF) facility continuing into 2021.

The Group received £3.5m from the UK Government's Coronavirus job retention scheme in 2020; mainly related to employees working in our collections business and support services. The Group's management committee took the decision to boost the income of employees placed on furlough to 100% of their normal salary, with the Government scheme covering 80% of normal salary up to £2,500 per month. In addition, an extension to the wellness program was implemented across the Group to provide support for all employees covering topics from mental health through to financial management.

The Group and a key customer are in disagreement as when the facilities delivered by SUEZ under a specific contract have reached "Acceptance" and thus the Group is entitled to increased contractual payments. The Group is seeking to resolve the matter in line with the contract's dispute resolution provisions. The Group has taken a prudent approach and made an impairment of its concession debtor in relation to this contract of £25.9m in 2020 (see note 13). The impairment of the concession debtor, recognised in the income statement, in the opinion of the directors is sufficient to cover the maximum exposure to the Group whilst the dispute resolution process is ongoing.

The health and safety of our employees and customers is paramount, never more so than during the ongoing COVID-19 pandemic. In addition to adapting to and managing the risks associated with the pandemic, we achieved some notable health and safety successes in 2020, including deploying energy isolation standards UK wide and deploying bodycams at 70% of our HWRCs. Over 550 managerial safety visits took place despite the pandemic and our first health and safety training centre was opened. The UK team also won global SUEZ awards for best health and safety cultural transformation and for best wellbeing programme.

On 29 June 2021, the Board of Directors of the Group's ultimate holding company (SUEZ SA) accepted an offer from Veolia to purchase 100% of its share capital. Subject to approval from the relevant competition authorities, the takeover of SUEZ by Veolia will create the opportunity to become the global champion in ecological transition.

Principal risks and uncertainties

The SUEZ Recycling and Recovery (R&R) UK Group (the Group) has established a risk committee that evaluates the main risks facing the Group and the measures in place to manage those risks. The principal risks and uncertainties facing the Group are broadly grouped as: operational risks, competitive risks, legislative risks, health and safety risks and financial instrument risks.

Operational risks
The Group's operations involve some major public sector contracts, ranging from periods of 7 to 25 years or more, where default on the contract may result in substantial compensation payments to the client.

Long-term contracts also expose the Group to the risk that the contract's revenue profile over the life of the contract may not be sufficient to compensate the Group for unforeseen cost increases, and hence losses may result. The Group has put in place rigorous tender approval procedures to ensure all risks are properly considered. The Group's management and review procedures are aimed at ensuring any problems are identified at an early stage and steps are taken to mitigate any losses arising.

The success of the Group's operations is dependent upon the recruitment and retention of good quality staff. The Group's strategy seeks to make the Group the preferred employer in the waste management sector through its employment policies.

Competitive risks
Part of the Group's business involves contracts with local authorities which are subject to periodic competitive tender. Renewal of these contracts is uncertain and based on financial and performance criteria.

The remaining business relies upon short-term contracts and non-contractual business from industrial and commercial customers, which is subject to normal price competition in the open market.

Legislative risks
The waste management business is subject to strict legislation and regulation. These standards are subject to continuous revision. Compliance with new standards can impose additional costs on the Group, and failure to comply could result in heavy penalties. The Group's management systems aim to ensure compliance with all relevant regulations.

Health and safety risks
The Group acknowledges that its employees working within the waste management industry face significant potential hazards in their everyday work. The Group makes every effort to ensure that its health and safety policies are of the highest standard, are fit for purpose and are strictly adhered to on a daily basis.

Financial instrument risks
The Group has established a risk and financial management framework whose primary objectives are to protect the Group from events that hinder the achievement of the Group's performance objectives.

Use of derivatives
On certain major contracts, Group associate companies use interest rate swaps in respect of the related funding to reduce exposure to interest rate movements.

Exposure to price, credit, liquidity and cash flow risk
Price risk arises on financial instruments because of changes in, for example, commodity prices or equity prices. The Group's major joint venture and associated investments, which the Group does not intend to sell in the short-term, are held at net asset value and are therefore not exposed to price risk.

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. Group policies are aimed at minimising such losses, and require that deferred terms are only granted to customers who demonstrate an appropriate payment history and satisfy credit worthiness procedures.

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. Cash flow risk is the risk of exposure to variability of cash flows relating to a recognised asset or liability such as future interest payments on a variable rate debt. The Group produces long-term cash forecasts and monitors cash flows against these on a daily basis to ensure all financial obligations may be met as they fall due. Group funding requirements are periodically agreed with the SUEZ Group.

The Group has entered into fixed rate swap agreements and forward exchange contracts to avoid volatility in interest charges on its loans and volatility of exchange rate movement on payments made in foreign currencies. The Group has applied hedge accounting requirements to account for the derivative swap agreements and the associated loans; their relationships being accounted for as cash flow hedges – see note 25 to the accounts.

Matters covered in the Directors' report

As permitted by Paragraph 1A of Schedule 7 to the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008, certain matters which are required to be disclosed in the strategic report have been omitted as they are included in the directors' report. These matters relate to information concerning environment matters.

COVID-19

Operational update: Our industrial and commercial business felt the biggest hit. All of our Energy from Waste facilities (EfW) continued to run, our MRFs saw increased volumes and our local authority contracts were all operating. HWRCs mostly re-opened after initial closure, with customers and residents in the vast majority complying with the social distancing measures that we have implemented.

The next step will be to start having discussions with our local authority customers about potentially increasing the range of products we take in, which will be determined on a site-by-site basis.

Trading: The Trading Back Office and Distribution teams operated virtually and despite the drop in I&C volumes across the UK, our traders were busy – we saw Dry Mixed Recyclables (DMR) volumes through our MRFs and balers hold up well. Many of the packaging suppliers to the food, drinks and online retail industries had increased demand for our recycled products. The paper and cardboard packaging fibre mills were particularly desperate for materials during the COVID-19 crisis.

Facilities: Safe Work Procedures were approved and published for both Maidenhead and Weston offices, which were set up with social distancing measures/procedures, signage and sanitizing/cleaning materials, etc., ready for employees return to the office on an ad hoc or permanent basis.

Employee survey: SUEZ Group ran a short confidential survey for employees to gather feedback on how the business had handled COVID 19. The 549 UK employees responding to the Group survey felt that they received better communications but were slightly more anxious about the pandemic than employees in other countries. Following this a UK project recovery survey was sent out to all employees and the initial results mirrored that of the Group survey. The Project Recovery team will use the results to capture good practices and improve the way business is done moving forward.

Fleet: The slight easing of lockdown in May saw an increase in vehicle movements with company cars being delivered and terminated car leases being collected. We took delivery of our first three Electric MG ZS company cars and 52 Tesla. We booked more home installations with our approved supplier for the EV home charging units.

MIS: In 1 week at the start of lockdown there were almost 600 calls to our Service Desk, who have continued to help our colleagues with the new ways of working by sending out regular tips to help get the most from some of the tools now being used. To assist with working in flexible ways, MIS investigated the use of SUEZ apps on personal devices to provide more options to access email and internally developed apps on employee's own phones, while still maintaining the security of the business's data. Working with our main business application suppliers we ensured the business made the required changes to meet the demands of COVID-19 working, and also to ensure we can return to normal working methods once operations pick up again.

Payroll and Pensions: We successfully incorporated around 400 new Somerset employees into our systems, administered annual bonuses as well as an annual salary review (ASR) for manual workers and the living wage increase (SUEZ' minimum of £8.82 per hour). We have audited salary sacrifices for pensions, to ensure no employee breaches national minimum wage.

Compensation and Benefits: On the reward front, the employee benefit, MyWagez, which provides employees with the opportunity to draw down up to 30% of salary already earned in the current month before pay day, should they be in financial difficulty, was launched. We also partnered with TransaveUK, a credit union, to encourage employees to save regularly, administered via payroll.

Section 172 statement

In accordance with the Companies Act 2006 (the 'Act') (as amended by the Companies (Miscellaneous Reporting) Regulations 2018), the Directors provide this statement describing how they have had regard to the matters set out in section 172(1) (a) - (f) of the Act, when performing their duty to promote the success of the Company, under section 172.

S172(1)(a) The likely consequences of any decision in the long term

The focus of the Board has been to drive the Group towards achieving its goals alongside its commitment to having a workforce that more accurately reflects society and has developed challenging targets to achieve this, which includes overhauling our parental leave and flexible working policies, improving the gender pay gap and collaborating across the sector to help drive sector-wide change.

The Directors of the Company delegated certain duties and responsibilities to various committees and received regular and timely information (at least monthly) on all key aspects of the business including health and safety, risks and opportunities, the financial performance of the business, strategy, operational matters, market conditions and sustainability.

These are all supported by Key Performance Indicators (KPIs) which were part of a list of strategic priorities identified to be reviewed by management throughout 2020.

Early in March the Board closely monitored developments of COVID-19 to ensure business continuity and preparedness in the case of a Coronavirus epidemic. They set up a strategic UK task group which follows a standard protocol used by organisations in response to emergency situations. The lead decision making body for this group is the Gold Command, comprising the OpCom, Head of Health and Safety, Head of HR Operations, Legal Director and Communications Director, who monitor and respond to the situation on an ongoing basis. This group worked within the advice from the SUEZ Group and Public Health England, having daily calls to determine any actions needed.

In addition, six Silver Command teams for each of our four regions, Weston, and Maidenhead comprising the Gold Command members, Regional Directors and local health and safety, communications and HR representatives were set up. These groups also liaised on a regular basis as the need required. These groups met daily at the height of the crisis.

S172(1)(b) The interests of the Company's employees

How the directors promote the interests of the Company's employees are set out within the Engagement with employees section of the Directors' report (page 8).

S172(1)(c) The need to foster the company's business relationships with suppliers, customers and others

How the directors promote the need to foster the company's business relationships with suppliers, customers and others is set out in the engagement with suppliers, customers and others of the Directors' report (page 9).

S172(1)(d) The impact of the Company's operations on the community and the environment

The Company and our employees believe it is important to give something back to the communities we work in and to society. We do this in many ways. We organise these activities into a programme under our corporate responsibility strategy and call it 'Giving Something Back'. The programme aims to encourage everyone in the Company to get involved with local causes and support national charities.

Engagement normally takes place locally through our local offices and sites, with many individuals from our operations and the planning team having regular two-way conversations with community representatives to discuss our activities and the local topics that impact us both, including via the Science, Technology, Engineering and Mathematics (STEM) programme. STEM helps to improve the learning and career prospects of local people, at the same time as enhancing our reputation and helping to develop our people and our education programmes, community consultation and involvement through various community Trusts, however all activities were put on hold due to COVID-19.

We maintain a collaborative and positive relationship with our key environmental regulators, the Environment Agency and Scottish Environmental Protection Agency. More details of how the Company promotes its purpose of protecting our environment by putting waste to good use are set out in the Environmental matters section of the Directors' report (page 10).

The UK Group can now understand and demonstrate the social value created at the level of a local community or individual project, as well as company-wide. We know the social value commitments we make to our clients and this is guiding decision-making across the business.

As part of the Group's drive to become more sustainable, the Board decided to change the 'Sustainable Development and Social Value' critical success factor (CSF) to 'Sustainable Environment', to create a clearer statement about the overarching purpose of SUEZ Recycling and Recovery UK and our vital role in creating a more sustainable future as set out by the United Nations through the 17 Sustainable Development Goals (SDGs), which we have adopted to help drive what we do as a company in the area of Sustainable Environment.

The UK Group agreed a renewable electricity self-supply deal, which enables SUEZ to power UK operations with 100% own-generated renewable electricity, thereby reducing the businesses impact on the environment when compared with non-renewable sources.

As a net exporter of energy with over 300 sites in the UK, many of which generate renewable electricity. SUEZ aims to close the loop by using own-generated electricity from its facilities to power all business operations in the UK. The renewable electricity generated by us is a combination of energy generated from EfW facilities and landfill gas sites - SUEZ exports over 500 GWh of electricity every year. In the UK, approximately 10% of the renewable electricity generated is supplied directly back to the business through the self-supply deal.

SUEZ receives a Renewable Energy Guarantee of Origin (REGO) certificate for every megawatt hour of renewable electricity generated, from the regulator, Ofgem, which verifies that the electricity is 100% renewable. SUEZ is able to supply the rest of the business and operations at all of its 300 sites across the UK with own generated renewable power. This includes self-supply to large Private Finance Initiative (PFI) waste contracts, including Greater Manchester, Cornwall and West London. In 2020, SUEZ generated over 1.4 million MWh of electricity, which is enough to power approximately 350,000 homes.

Group strategic report (continued)
for the year ended 31 December 2020

S172(1)(e) The desirability of the company maintaining a reputation for high standards of business conduct

Every person in their day-to-day behaviour, in the way they perform their roles and responsibilities and in their business dealings with others, must apply the Group's values and ethics principles, which are:

- Acting in accordance with laws and regulations.
- Establishing a culture of integrity.
- Behaving fairly and honestly.
- Respecting others.

Each person should seek to use good sense and judgment in his/her actions, which is why it is normal and natural to discuss the ethical questions and dilemmas inherent in any professional activity with colleagues and line managers. Identifying ethical conduct and avoiding mistakes are processes that contribute to the pursuit of excellence. Ethical behaviour requires both personal and team commitment.

S172(1)(f) The need to act fairly as between members of the company

For the year under review, we have been a wholly owned subsidiary within the SUEZ Recycling and Recovery UK Group (the Group). With the Chief Executive Office and the Finance Director also sitting on our board. Relevant decisions of the Board are also discussed, where relevant, at the meetings of the Parent Company board.

This report was approved by the board on 19th Nov 2021 and signed on its behalf.

C Thorn
Director

Directors' report
for the year ended 31 December 2020

The directors present their report and the financial statements for the year ended 31 December 2020.

Directors' responsibilities statement

The directors are responsible for preparing the Strategic Report, 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 International Financial Reporting Standards ("IFRS"). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period.

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

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether IFRS have been followed subject to any material departures disclosed and explained in the financial statements;
- provide additional disclosures when compliance with specific requirements in IFRS is insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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

Principal activities

The principal activity of the SUEZ Recycling and Recovery Holdings UK Ltd Group ("Group") is waste management, including the provision of municipal services, industrial and commercial waste collections, landfill, recycling waste and the operation of energy-from-waste facilities. The Group forms the United Kingdom waste management business of the SUEZ Group.

Results and dividends

The group loss for the year amounted to £10,698,000 *(2019: Profit £13,883,000)*.

No dividend has been declared for the year ended 31 December 2020 *(2019: £Nil)*.

Directors

The directors who served during the year and to the date of this report were:

F Duval (Resigned 31 October 2021)
D Palmer-Jones (Resigned 1 January 2020, re-appointed 3 July 2020)
J Boursier (Resigned 22 May 2020)
J Scanlon (Appointed 1 January 2020)
C Thorn (Appointed 1 February 2020)

Directors' report
for the year ended 31 December 2020

Going concern

The SUEZ UK R&R Group, along with its ultimate parent company SUEZ SA, has considerable financial resources together with long term contracts with a number of customers across different geographic areas and within different sectors of the recycling industry. As a result, the directors believe that the SUEZ R&R UK Group is well placed to manage its business risks successfully despite the current uncertain economic outlook.

The UK Group benefits from a current account overdraft facility from the French parent company (SUEZ SA) to finance day to day activities. It also benefits from long term loans from SUEZ SA regarding some of our major infrastructure projects. The loans are subject to contractual terms and repayment schedules in line with the operational activities of the infrastructure that they finance. We consider it highly unlikely that SUEZ SA would cancel the overdraft facility that we have in place. However, should this unlikely event occur, we believe we would be able to replace the facility with external debt thanks to our strong credit reputation and relationships with UK banks. The UK Group currently has no external (non Group) loans in place. The impact of COVID-19 has been assessed and factored into the cashflow forecasts for the UK Group and it is not expected that the overdraft facility with SUEZ SA will be breached in the next 12 months, with adequate headroom for any unknown events also.

Having made enquiries, the directors have a reasonable expectation that the company and the group have adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the annual report and accounts.

Directors' indemnity

The Company has granted indemnity to one or more of its directors against liabilities in respect of proceedings brought by third parties. subject to the conditions set out in the Companies Act 2006. Such qualifying third party indemnity provision remains in force as at the date of approving the directors' report.

Future developments

The Group will continue to seek to grow through new contracts, both for industrial and commercial and public customers.

Engagement with employees

The Group communicates to its employees through presentations, internal group-wide emails, newsletters, social media channels and blogs on our intranet. An annual employee conference, delivered at various local locations around the country, provides a brieling on the Group's performance, gives an update on any initiatives that are being introduced and allows individuals to raise questions and concerns.

The Board engaged directly with employees throughout 2020 via emails, social media channels and the blogs on our intranet, all of which give our employees the opportunity to interact with members of the Board and senior management.

U Say, the Group's employee engagement survey, is carried out anonymously every two years to highlight areas of improvement. The Board considers the results of all employee engagement surveys a good barometer of the workforce's confidence in the Group's strategic direction, optimism in the future and career opportunities.

In 2020, SUEZ Recycling and Recovery UK was once again included as one of The Sunday Times '25 Best Big Companies To Work For', taking 23rd spot on the prestigious and highly competitive 2020 list because the Company stood out due to our good levels of employee engagement and satisfaction in the 2019 survey, helping to raise £20,000 for our charity partner Macmillan Cancer Support.

The CEO, Chief Human Resources Officer and members of the senior management team had calls with the SUEZ UK Works Council (SWC) to discuss all matters relating to COVID-19 and the Board's planning to ensure the Board responds to all matters that are important to all its employees.

In 2020, due to social distancing, the Board's emphasis was on keeping employees engaged and in touch with each other through the various ways in which employees could keep up to date with key news relating to the business, give feedback and keep in touch with each other; including:

- Communications from the CEO by email messages, webinars and videos that were also made available on YouTube.
- Your line manager – who provides employee feedback via members of the silver command.
- Members of the silver and gold command via phone, email and the dedicated email address.
- SWC – the SWC representatives continued to make themselves available to take employee feedback and pass this back to the Board.
- Yammer – the social networking tool, also available on a smartphone, enabled employees to keep in touch, network and share ideas. This tool was taken up by a large number of staff from all parts of the business posting, replying and supporting each other during these unusual times.
- Microsoft teams – the Office 365 app that has a range of tools designed for remote working via a chat function enabling video calls with multiple people and used for team catch ups and training.
- Intranet, SUEZ Life, regional newsletters, me.suez.
- Text messaging.

As well as COVID-19 updates, health and safety updates, wellbeing communications and communications on company matters not relating to the virus, we are very keen to share examples and stories from around the business and especially from the frontline.

Engagement with suppliers, customers and others

Customers
The Board engages with key customers and clients through the Regional Directors who provide the Board with regular information about customers in various reports produced throughout the business by the commercial and management teams.

During 2020, the group received thanks and praise coming in from our customers and residents via its social media channels, and staff from our collection contract with East Devon which highlighted the Company providing critical front line services on the BBC "One World: Together at home" concert.

Suppliers

The Group primarily engages with our suppliers via its website and procurement teams, as well as through other business support functions including the commercial and legal teams.

The Board receives information through various Group's board reports produced throughout the business.

Other stakeholders

Other key stakeholders include the Government, Regulators and Local Authorities and due to COVID-19, face-to-face meetings and site visits were replaced by video-conferencing and calls.

The Chief Executive, some directors and senior managers had calls with members of Government, other political parties and senior officials to provide an overview of the recycling and recovery industry and to provide feedback on potential changes being considered by the Government.

Rebecca Pow MP, the Parliamentary Under Secretary of State at Defra and whose role oversees recycling and waste management, wrote a letter to all those who work in our industry in which she states how enormously grateful she is for all we are doing and adds how proud she is of the commitment shown by the thousands of employees in our industry to the services we provide which is helping keep the country going.

The leader and chief executive of Warwick District Council published a press release which included praise for our teams. Our employees perform a critical role as key workers and the Board was pleased to see all our employees' efforts being recognised by the Government.

The Group's business is heavily regulated with a large number of our key clients being local authorities. We perform customer engagement surveys and the performance of the business is regularly reported to the Board and OpCom on a monthly basis. The findings are used to improve customer engagement with knowledge being shared across the Group. On all large contracts, the Group hosts local community events to engage with local stakeholders.

Environmental impact

Statement of carbon emissions in compliance with Streamlined Energy and Carbon Reporting (SECR) covering energy use and associated greenhouse gas emissions relating to gas, electricity and transport, intensity ratios and information relating to energy efficiency actions.

	Current reporting year 2020
Total energy consumption used to calculate emissions (kwh)	6,621,617,359
Emissions from the combustion of landfill gas & biogas (tCO2e) (Scope 1)	40
Emissions from combustion of gas (tCO2e) (Scope 1)	4,803
Emissions from combustion of fuel for transport purposes (tCO2e) (Scope 1)	55,328
Emissions from business travel in rental cars or employee-owned vehicles where company is responsible for purchasing the fuel (tCO2e) (Scope 3)	690
Emissions from purchased electricity (tCO2e) (Scope 2, location-based)	17,381
Total gross CO2e ((tCO2e)	863,843
Intensity ratio: tCO2e gross figure	0.08

Methodology

Carbon emissions reported using the GHG Protocol Corporate Accounting and Reporting.

Standard Revised Edition together with the carbon conversion factors published by the UK's Department for Business, Energy and Industrial Strategy (BEIS) in July 2020. Where UK Government factors are unavailable, the Entreprises pour l'Environnement (EpE) Protocol for the Quantification of Greenhouse Gas Emissions from Waste management Activities - Version 5 - October 2013 tool has been used which has the 'Built on the GHG Protocol' label.

Energy Efficiency Action

- Utilisation of Supatrak to promote route and driver efficiencies.
- Introduction of electric vehicles into our company car scheme with 100 orders placed.
- Trialled an electric Refuse Collection Vehicle.
- Introduced 4 electric vehicle charging points at our Suffolk EFW to support the transition to an electric company car fleet.
- Commenced the roll out of environmental awareness training to all employees.
- Reduced travel and increased digital meetings.
- Introduction of a sustainability champions network & 10 sustainability principles including a focus on reduced resource consumption.
- Introduction of an employee app, the Sustainable Environment Activity Tracker to encourage employees to log sustainability initiatives and to undertake further actions linked to reducing resource consumption.
- Conducted a number of internal/external webinars on decarbonisation to raise awareness and knowledge across the value chain.
- Increased the waste throughput capacity of Suffolk EFW by 26,000 tonnes, in turn increasing electricity generation by 11,000MWh.
- Introduced digital technologies to spot non-conforming wastes at our West London Transfer Station in order to reduce blockages and downtime and associated resource consumption for plant restarts.
- Improved the purchasing process associated with chemicals to order in larger quantities, reduce the packaging and access to more sustainable products.

- Commenced the roll out of the installation of LED lighting across all of our facilities.
- Switched to electronic duty of care paperwork for our I&C Customers.
- *MoU with BP to explore carbon capture and storage from energy from waste.*

In the period covered by the annual report, SUEZ Recycling and Recovery UK has undertaken a number of energy and carbon reduction improvement actions associated with the electricity and fuel we consume, the infrastructure and equipment we use, and the training and education we provide to our employees as well as our wider stakeholders in order to further our efforts towards sustainable resource consumption and achieving net zero.

Electricity

- We have continued to purchase 100% renewable electricity for our operations.

Fuel

- *We have continued to use Supatrak to promote route and driver efficiencies to minimise fuel consumption.*
- We have promoted the uptake of digital meetings, to minimise travel, associated fuel use and carbon emissions where possible.

Infrastructure & equipment

- We have introduced electric vehicles into our company car scheme with 100 orders placed during the period, together with installing 4 electric vehicle charging points at our Suffolk EFW to support our transition towards an electric company car fleet. With regards to our larger fleet, we have also undertaken trials of electric refuse collection vehicles in partnership with the supply chain.
- We have also commenced an LED lighting installation program across all of our facilities, increased the waste throughput capacity of Suffolk EFW by 26,000 tonnes, in turn increasing electricity generation by 11,000MWh and, introduced digital technologies at our West London site to identify non-conforming wastes which will in turn reduce blockages and downtime and associated resource consumption when restarting the plant.
- We are also reviewing the digitalisation of our processes and during the period, switched to electronic Duty of Care paperwork for our I&C Customers.
- We have also signed a Memorandum of Understanding (MoU) with BP to explore the feasibility of the UK's first carbon capture and storage (CCS) from energy-from-waste (EfW).

Awareness and education

- We have introduced our 10 Sustainability Principles and network of Sustainability Champions to put sustainable behaviours at the heart of how we operate, together with introducing an employee app for employees to record the actions they complete to encourage and motivate further action. We have also *attended and hosted various internal and external webinars to raise awareness on reducing consumption* and associated carbon emissions.

Additionally, we have also generated 1,419,728MWh of electricity and 390,595MWh of heat as a result of extracting value from the resources we manage.

In 2021, we aim to continue to improve our energy efficiency and reduce our carbon emissions whilst also working with our customers and supply chain to help them decarbonise. We intend to continue with the LED lighting installation program, introduce our sustainable business travel policy and truly embed our sustainability champions network and implementation of our 10 sustainability principles to further drive a reduction in resource consumption and our efforts towards achieving net zero.

Directors' report
for the year ended 31 December 2020

Disabled employees

Applications for employment from disabled persons are always fully considered, bearing in mind the aptitudes of the applicant concerned. In the event of members of staff becoming disabled every effort is made to ensure that their employment with the Group continues and that appropriate training is arranged. It is the policy of the Group that the training, career development and promotion of disabled persons should, as far as possible, be identical with that of other employees

Matters covered in the strategic report

As permitted by Paragraph 1A of Schedule 7 to the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 certain matters which are required to be disclosed in the directors' report have been omitted as they are included in the strategic report. These matters relate to financial instrument risk.

Disclosure of information to auditor

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

- so far as that director is aware, there is no relevant audit information of which the Company and the Group's auditor is unaware, and
- that each 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 and the Group's auditor is aware of that information.

Re-appointment of auditor

The auditor, Mazars LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board on 19th Nov 2021 and signed on its behalf.

C Thorn
Director

Independent auditor's report to the member of SUEZ Recycling and Recovery Holdings UK Ltd

Opinion

We have audited the financial statements of SUEZ Recycling and Recovery Holdings Ltd (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 December 2020 which comprise the Consolidated statement of comprehensive income, the Consolidated and Company statements of financial position, the Consolidated and Company statements of changes in equity, the Consolidated and Company cash flow statements 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 international accounting standards in conformity with the requirements of the Companies Act 2006 and, as regards the parent company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

In our opinion, the financial statements have been prepared in accordance with the requirements of the Companies Act 2006 and:

- give a true and fair view of the state of the group's and of the parent company's affairs as at 31 December 2020 and of the group's loss for the year then ended;
- have been properly prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006 and, as regards the parent company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the "Auditor's responsibilities for the audit of the financial statements" section of our report. We are independent of the group and the parent company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the director's 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 group's and the parent company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

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

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. Our opinion on the financial statements does not 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.

Independent auditor's report to the member of SUEZ Recycling and Recovery Holdings UK Ltd

Opinion on other matter 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 light of the knowledge and understanding of the group and the parent company and their 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 by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company 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 7, 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 group's and the parent 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 group or the parent company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

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.

Based on our understanding of the group and the parent company and their industry, we considered that non-compliance with the following laws and regulations might have a material effect on the financial statements: employment regulation, environmental legislation, health and safety regulation, anti-money laundering regulation, non-compliance with implementation of government support schemes relating to COVID-19.

To help us identify instances of non-compliance with these laws and regulations, and in identifying and assessing the risks of material misstatement in respect to non-compliance, our procedures included, but were not limited to:

- Inquiring of management and, where appropriate, those charged with governance, as to whether the group and the parent company is in compliance with laws and regulations, and discussing their policies and procedures regarding compliance with laws and regulations;

- Inspecting correspondence, if any, with relevant licensing or regulatory authorities;
- Communicating identified laws and regulations to the engagement team and remaining alert to any indications of non-compliance throughout our audit; and
- Considering the risk of acts by the group and the parent company which were contrary to applicable laws and regulations, including fraud.

We also considered those laws and regulations that have a direct effect on the preparation of the financial statements, such as tax legislation, pension legislation, and the Companies Act 2006.

In addition, we evaluated the directors' and management's incentives and opportunities for fraudulent manipulation of the financial statements, including the risk of management override of controls, and determined that the principal risks related to posting manual journal entries to manipulate financial performance, management bias through judgements and assumptions in significant accounting estimates, in particular in relation to IFRIC 12 impairments, revenue recognition (which we pinpointed to cut-off and IFRIC 12 accounting), and significant one-off or unusual transactions.

Our audit procedures in relation to fraud included but were not limited to:

- Making enquiries of the directors and management on whether they had knowledge of any actual, suspected or alleged fraud;
- Gaining an understanding of the internal controls established to mitigate risks related to fraud;
- Discussing amongst the engagement team the risks of fraud; and
- Addressing the risks of fraud through management override of controls by performing journal entry testing.

There are inherent limitations in the audit procedures described above and the primary responsibility for the prevention and detection of irregularities including fraud rests with management. As with any audit, there remained a risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal controls.

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 auditor's report.

Use of the audit report

This report is made solely to the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body for our audit work, *for this report, or for the opinions we have formed.*

Jonathan Seaman (Senior statutory auditor)
for and on behalf of
Mazars LLP
Chartered Accountants and Statutory Auditor
Tower Bridge House
St Katharine's Way
London
E1W 1DD

Date: Nov 23, 2021

SUEZ Recycling and Recovery Holdings UK Ltd

Consolidated statement of comprehensive income
for the year ended 31 December 2020

	Note	2020 £000	2019 £000
Revenue	5	**789,163**	*784,111*
Cost of sales		**(656,212)**	*(669,130)*
Gross profit		**132,951**	*114,981*
Administrative expenses		**(110,655)**	*(96,972)*
Impairment charge on property, plant & equipment	16	**(53)**	*(10,180)*
Other operating income	6	**3,521**	*29,215*
Operating profit	7	**25,764**	*37,044*
Finance income	11	**19,581**	*20,921*
Finance costs	12	**(28,035)**	*(28,500)*
Other gains and losses	13	**(25,846)**	*(13,502)*
Share of loss of associates and joint ventures	17	**(3,496)**	*(2,054)*
(Loss)/profit on ordinary activities before taxation		**(12,032)**	*13,909*
Taxation credit/(charge)	14	**1,334**	*(26)*
(Loss)/profit for the year		**(10,698)**	*13,883*
Other comprehensive income:			
Items that will not be reclassified to profit and loss			
Actuarial losses related to pension scheme	31	**(7,031)**	*(4,258)*
Deferred tax attributable to actuarial losses		**1,880**	*724*
Items that will be reclassified to profit and loss			
Changes in fair value hedge reserve relating to associates		**(6,634)**	*(8,937)*
Deferred tax attributable to hedge reserve movements relating to associates		**2,666**	*1,519*
Total comprehensive (loss)/income for the year		**(19,817)**	*2,931*
(Loss)/profit attributable to:			
Owners of the parent		**(10,698)**	*13,883*
Non-controlling interests		**-**	*-*
		(10,698)	*13,883*
Total comprehensive (loss)/income attributable to:			
Owners of the parent		**(19,817)**	*2,931*
Non-controlling interests		**-**	*-*
		(19,817)	*2,931*

All (loss)/profit and comprehensive (loss)/income is attributable to continuing operations

SUEZ Recycling and Recovery Holdings UK Ltd

Consolidated statement of financial position
as at 31 December 2020

	Note	2020 £000	2019 £000
Non-current assets			
Intangible assets and goodwill	15	**161,525**	*167,290*
Property, plant & equipment	16	**250,620**	*278,741*
Investments	17	**4**	*4*
Investments in associates and joint ventures	17	**1,824**	*2,597*
Financial assets	19	**173,912**	*202,309*
		587,885	*650,941*
Current assets			
Inventories	18	**15,460**	*12,549*
Financial assets	19	**7,109**	*6,128*
Trade and other receivables	19	**473,448**	*425,737*
Corporation tax receivable	19	**3,295**	-
Cash and cash equivalents	20	**19,194**	*12,531*
		518,506	*456,945*
Current Liabilities			
Interest bearing loans and borrowings	21	**(35,641)**	*(35,754)*
Trade and other payables	21	**(340,590)**	*(291,225)*
Corporation tax payable	21	**-**	*(1,218)*
		(376,231)	*(328,197)*
Net current assets		**142,275**	*128,748*
Total assets less current liabilities		**730,160**	*779,689*
Non-current Liabilities			
Interest bearing loans and borrowings	22	**(244,380)**	*(277,591)*
Other non-current financial liabilities	22	**-**	*(7)*
Provisions for liabilities			
Deferred tax liability	24	**(2,892)**	*(9,029)*
Provisions	26	**(97,829)**	*(94,104)*
Net assets excluding pension scheme liabilities		**385,059**	*398,958*
Net defined benefit pension scheme liability	31	**(19,499)**	*(13,639)*
Total net assets		**365,560**	*385,319*

SUEZ Recycling and Recovery Holdings UK Ltd

Consolidated statement of financial position
as at 31 December 2020 (continued)

	Note	2020 £000	*2019 £000*
Equity			
Called up share capital	27	**373,741**	*373,741*
Share premium account	28	**14,471**	*14,471*
Capital redemption reserve	28	**3,457**	*3,457*
Hedging reserve	28	**(61,434)**	*(57,466)*
Other reserves	28	**11,793**	*11,793*
Retained earnings	28	**23,532**	*39,323*
Total shareholder's funds		**365,560**	*385,319*

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 19th Nov 2021

C Thorn
Director

SUEZ Recycling and Recovery Holdings UK Ltd
Registered number: 03475737

Company statement of financial position
as at 31 December 2020

	Note	2020 £000	2019 £000
Non-current assets			
Property, plant & equipment	16	**19,070**	*22,157*
Investments	17	**538,566**	*538,566*
Financial assets	19	**249,671**	*240,769*
Deferred tax	24	**477**	*560*
		807,784	*802,052*
Current assets			
Trade and other receivables	19	**863,067**	*825,260*
Corporation tax recoverable	19	**4,970**	*1,336*
Cash and cash equivalents	20	**14,177**	*11,136*
		882,214	*837,732*
Current liabilities			
Interest bearing loans and borrowings	21	**(24,596)**	*(23,327)*
Trade and other payables	21	**(1,055,144)**	*(988,162)*
		(1,079,740)	*(1,011,489)*
Net current liabilities		**(197,526)**	*(173,757)*
Total assets less current liabilities		**610,258**	*628,295*
Non-current Liabilities			
Interest bearing loans and borrowings	22	**(204,720)**	*(229,316)*
Provisions for liabilities			
Provisions	26	**-**	*(400)*
Net assets excluding pension scheme assets		**405,538**	*398,579*
Defined benefit pension scheme asset	31	**2,940**	*3,306*
Net assets		**408,478**	*401,885*
Equity			
Called up share capital	27	**373,741**	*373,741*
Share premium account	28	**14,471**	*14,471*
Capital redemption reserve	28	**3,457**	*3,457*
Retained earnings	28	**16,809**	*10,216*
Total shareholder's funds		**408,478**	*401,885*

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 19th Nov 2021

C Thorn
Director

SUEZ Recycling and Recovery Holdings UK Ltd

Consolidated Statement of Changes in Equity
for the year ended 31 December 2020

	Share capital £000	Share premium account £000	Capital redemption reserve £000	Hedging reserve £000	Other reserves £000	Retained Earnings £000	Total share-holders' equity £000	Non-controlling interests £000	Total equity £000
Balance at 1 January 2020	**373,741**	**14,471**	**3,457**	**(57,466)**	**11,793**	**39,323**	**385,319**	-	**385,319**
Total comprehensive loss for the year									
Loss	-	-	-	-	-	(10,698)	**(10,698)**	-	**(10,698)**
Other comprehensive loss	-	-	-	(3,968)	-	(5,151)	**(9,119)**	-	**(9,119)**
Comprehensive loss	-	-	-	**(3,968)**	-	**(15,849)**	**(19,817)**	-	**(19,817)**
Share based payments	-	-	-	-	-	58	58	-	58
Balance at 31 December 2020	**373,741**	**14,471**	**3,457**	**(61,434)**	**11,793**	**23,532**	**365,560**	-	**365,560**
Balance at 1 January 2019	**373,741**	**14,471**	**3,457**	**(50,048)**	**11,793**	**29,027**	**382,441**	284	**382,725**
Total comprehensive income for the year									
Profit	-	-	-	-	-	13,883	**13,883**	-	**13,883**
Other comprehensive loss	-	-	-	(7,418)	-	(3,534)	**(10,952)**	-	**(10,952)**
Comprehensive income	-	-	-	**(7,418)**		**10,349**	**2,931**	-	**2,931**
Share based payments	-	-	-	-	-	4	**4**	-	**4**
Transactions with non-controlling interests	-	-	-	-	-	(57)	**(57)**	(284)	**(341)**
Balance at 31 December 2019	**373,741**	**14,471**	**3,457**	**(57,466)**	**11,793**	**39,323**	**385,319**	-	**385,319**

SUEZ Recycling and Recovery Holdings UK Ltd

Company Statement of Changes in Equity
for the year ended 31 December 2020

	Share capital £000	Share premium account £000	Capital redemption reserve £000	Retained earnings £000	Total share-holders' equity £000
Balance at 1 January 2020	**373,741**	**14,471**	**3,457**	**10,216**	**401,885**
Total comprehensive income for the year					
Profit	-	-	-	6,850	6,850
Other comprehensive income	-	-	-	(315)	(315)
Comprehensive income	-	-	-	**6,535**	**6,535**
Share based payments	-	-	-	58	58
Balance at 31 December 2020	**373,741**	**14,471**	**3,457**	**16,809**	**408,478**
Balance at 1 January 2019	**373,741**	**14,471**	**3,457**	**9,180**	**400,849**
Total comprehensive income for the year					
Profit	-	-	-	679	679
Other comprehensive income	-	-	-	353	353
Comprehensive income	-	-	-	**1,032**	**1,032**
Share based payments	-	-	-	4	4
Balance at 31 December 2019	**373,741**	**14,471**	**3,457**	**10,216**	**401,885**

SUEZ Recycling and Recovery Holdings UK Ltd

Consolidated cash flow statement
for the year ended 31 December 2020

	2020	*2019*
	£000	*£000*
Operating activities		
(Loss)/profit before tax	(12,032)	*13,909*
Adjustments to reconcile profit before tax to net cash flows:		
Depreciation of property, plant and equipment	29,226	*29,972*
Amortisation and impairment of intangible assets	5,765	*5,738*
Impairment of property, plant and equipment	53	*10,180*
Share-based payment expense	58	*4*
Loss/(gain) on disposal of property, plant and equipment	3,012	*(880)*
Finance income	(19,581)	*(20,921)*
Finance costs	28,035	*28,500*
Other gains and losses	25,846	*13,502*
Share of profit of an associate and a joint venture	3,496	*2,054*
Movements in provisions and pensions	7,762	*5,454*
Working capital adjustments:		
Increase in trade and other receivables and prepayments	(36,245)	*(20,755)*
Increase in inventories	(2,911)	*(3,130)*
(Decrease)/increase in trade and other payables	(1,660)	*3,996*
Increase/(decrease) in balances with group companies	24,282	*1,451*
Decrease/(increase) in non-current assets	4,707	*1,720*
Interest received	1,803	*1,579*
Interest and commitment fees paid	(32,812)	*(30,061)*
Income tax paid	(6,814)	-
Net cash flows from operating activities	**21,990**	*42,312*
Investing activities		
Proceeds from sale of property, plant and equipment	-	*3,912*
Purchase of property, plant and equipment	(12,712)	*(25,431)*
Purchase of intangibles	-	*(5,373)*
Decrease in concession financial asset	13,917	*952*
Increase/decrease in loans provided to associate companies	15,943	*6,284*
Dividend from joint venture and associate	3,330	*5,369*
Net cash flows used in investing activities	**20,478**	*(14,287)*
Financing activities		
Increase in loans and borrowings from group undertakings	(23,327)	*(33,894)*
Decrease in lease liabilities	(12,478)	*(14,293)*
Decrease in bank loans		-
Net cash flows used in financing activities	**(35,805)**	*(48,187)*
Net increase/(decrease) in cash and cash equivalents	6,663	*(20,162)*
Cash and cash equivalents at 1 January	12,531	*32,693*
Cash and cash equivalents at 31 December	**19,194**	*12,531*
Cash and cash equivalents represent		
Cash	19,194	*12,531*
Overdraft	-	-
	19,194	*12,531*

SUEZ Recycling and Recovery Holdings UK Ltd

Company cash flow statement
for the year ended 31 December 2020

	2020	*2019*
	£000	*£000*
Operating activities		
Profit/(Loss) before tax	8,427	*1,018*
Adjustments to reconcile profit before tax to net cash flows:		
Depreciation of property, plant and equipment	2,589	*2,041*
Share-based payment expense	58	*4*
Loss/(profit) on disposal of property, plant and equipment	2,806	*(54)*
Finance income	(26,928)	*(24,692)*
Finance costs	22,336	*24,205*
Movements in provisions and pensions	(361)	*(336)*
Working capital adjustments:		
Increase in trade and other receivables and prepayments	(15,716)	*(2,072)*
Decrease/(increase) in balances with group companies	49,008	*1,452*
(Increase)/decrease in trade and other payables	(4,117)	*(284)*
Interest received	26,640	*24,692*
Interest and commitment fees paid	(20,501)	*(24,295)*
Income tax paid	(6,814)	-
Net cash flows from operating activities	**37,427**	*1,679*
Investing activities		
Proceeds from sale of property, plant and equipment	-	*60*
Purchase of property, plant and equipment	(2,317)	*(3,317)*
(Increase)/Decrease in loans to group undertakings	(8,902)	*15,886*
Dividends received	160	*160*
Net cash flows used in investing activities	**(11,059)**	*12,789*
Financing activities		
Decrease in loans and borrowings from group undertakings	(23,327)	*(33,894)*
Net cash flows from financing activities	**(23,327)**	*(33,894)*
Net increase/(decrease) in cash and cash equivalents	3,041	*(19,426)*
Cash and cash equivalents at 1 January	11,136	*30,562*
Cash and cash equivalents at 31 December	**14,177**	*11,136*
Cash and cash equivalents represent		
Cash	14,177	*11,136*
Overdraft	-	-
	14,177	*11,136*

1. General Information

SUEZ Recycling and Recovery Holdings UK Ltd is a private limited company incorporated in England and Wales and domiciled in the United Kingdom. These financial statements cover the consolidation of the entity and its subsidiaries. The address of its registered office and principal place of business is SUEZ House, Grenfell Road, Maidenhead, Berkshire, SL6 1ES.

The principal activity of the SUEZ Recycling and Recovery Holdings UK Ltd Group ("Group") is waste management, including the provision of municipal services, industrial and commercial waste collections, landfill, recycling waste and the operation of energy-from-waste facilities.

The Company's intermediate parent company is SUEZ Recycling & Recovery UK Group Holdings Ltd, incorporated and registered in the United Kingdom, which owns 100% of the Company ordinary share capital. The ultimate parent company is SUEZ SA, a company incorporated and registered in France.

The largest group of which SUEZ Recycling and Recovery Holdings UK Ltd is a member and for which Group financial statements are drawn up is that headed by SUEZ SA, whose consolidated financial statements are available from Tour CB21, 16 Plas de L'Iris, 92040 Paris la Defense Cedex, France.

The financial statements have been presented in Pounds Sterling as this is the functional currency of the Group and all values are rounded to the nearest thousand pounds (£000) except when otherwise indicated.

2. Accounting policies

2.1 Basis of preparation of financial statements

These financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") and the Companies Act 2006 and The Large and Medium sized Companies and Groups Regulations 2008/410 ('Regulations').

The company and consolidated financial statements have been prepared using the historical cost convention, except for financial instruments that are accounted for according to the financial instrument categories defined by IFRS 9. The preparation of financial statements in compliance with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the Group's accounting policies (see note 3).

2.2 Basis of consolidation

The financial statements consolidate the accounts of SUEZ Recycling and Recovery Holdings UK Ltd and all of its subsidiary undertakings ('subsidiaries').

Subsidiaries are entities controlled by the Group. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. Intra-group balances and transactions and any unrealised income and expenses arising from intra-group transactions are eliminated in preparing the consolidated financial statements.

No profit and loss account is presented for the company as permitted by section 408 of the Companies Act 2006. The profit for the year was £6,850,000 (2019- £679,000).

2.3 Going Concern

The SUEZ R&R UK Group, along with its ultimate parent company SUEZ SA, has considerable financial resources together with long term contracts with a number of customers across different geographic areas and within different sectors of the recycling industry. As a consequence, the directors believe that the SUEZ R&R UK Group is well placed to manage its business risks successfully despite the current uncertain economic outlook.

The SUEZ R&R UK Group is managed as a single business on a day to day basis, therefore the Company going concern assessment is intrinsically linked to the overall Group's going concern assessment.

The UK Group benefits from a current account overdraft facility from the French parent company (SUEZ SA) to finance day to day activities. It also benefits from long term loans from SUEZ SA regarding some of our major infrastructure projects. The loans are subject to contractual terms and repayment schedules in line with the operational activities of the infrastructure that they finance. We consider it highly unlikely that SUEZ SA would cancel the overdraft facility that we have in place.

However, should this unlikely event occur, we believe we would be able to replace the facility with external debt thanks to our strong credit reputation and relationships with UK banks. The UK Group currently has no external (non-Group) loans in place. The impact of COVID-19 has been assessed and factored into the cashflow forecasts for the UK Group and it is not expected that the overdraft facility with SUEZ SA will be breached in the next 12 months, with adequate headroom for any unknown events.

Having made enquiries, the directors have a reasonable expectation that the Group, and therefore the Company, have adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the annual report and accounts.

2.4 Turnover

Turnover is measured at the fair value of the consideration received or receivable once performance obligations have been fulfilled. Turnover is reduced for value added taxes and trade discounts and commodity rebates. The methodology and assumptions for the calculations of trade discounts and commodity rebates are monitored and adjusted regularly with reference to contractual and legal obligations, historical trends, past experiences and projected market conditions. The nature of the service provided by the Group means that returns or refunds are extremely limited. Landfill Tax is included within both revenue and cost of sales.

Sale of Recyclates

Revenue from the sale of recyclates is recognised when the performance obligation has been met, the goods are delivered and titles have passed and therefore at a point in time.

Disposal of Waste

Revenue from waste processing, treatment and landfill facilities is recognised when the performance obligation has been met which is deemed to be when waste is physically received at the Group sites.

Collection revenues are recognised at the point of collection from customer sites. For municipal collections, revenue is recognised in accordance with quantities specified in the customer contracts.

Operation and maintenance revenue is measured by a contractual fixed and variable fee. Differences between the amounts recognised in the income statement and amount invoiced at the period end are shown in the statement of financial position as a contract asset or contract liability.

Electricity Revenue

Energy generation revenue is recognised at the point that power is supplied to the customer based on the quantity of units supplied.

Construction Revenue

Construction Revenue is recognised over time as a proportion of the construction cost to date compared to the total expected construction cost plus profit margin.

Transaction prices are derived by underlying contractual arrangements. Where multiple performance obligations exist, the transaction price is allocated on an estimate based on expected costs plus a margin.

There are no constraints for the group over variable revenue considerations.

2.5 Goodwill

Recognition of goodwill
Goodwill is measured as being the amount by which the total of:

i. The consideration transferred;
ii. The amount of any non-controlling interest in the acquired company: and
iii. In a business combination achieved in stages, the fair value at acquisition-date of the previously held interests in the acquired company;

Exceeds the accounting net balance of identifiable assets acquired and liabilities assumed.

The amount of goodwill recognized at the acquisition date cannot be adjusted after the end of the measurement period.

Goodwill relating to associates and joint ventures are recorded respectively under 'Investments in associates' and 'Investments in joint ventures'.

Measurement of goodwill

Goodwill is not amortized but is tested for impairment each year, or more frequently when an indication of impairment is identified. Impairment tests are carried out at the level of cash-generating units (CGUs), which constitute groups of assets generating cash inflows that are largely independent of the cash inflows from other cash-generating units.

The methods used to carry out these impairment tests are described in Note 2.21 'Impairment of property, plant and equipment and intangible assets'.

Impairment losses in relation to goodwill cannot be reversed and are shown under Impairment in the income statement. Impairment losses on goodwill relating to associates and joint ventures are respectively reported under 'Share of profit/loss of associates and joint ventures'.

2.6 Other intangible assets

Intangible assets other than goodwill are split into concession agreements and other finite intangible assets

Concession agreements
Concession agreement intangible assets relate to amounts paid or payable as consideration for rights relating to concession arrangements or public service contracts. Such assets are assessed as having a finite useful economic life of 25 years amortised on a straight line basis from the date the related facilities are operational, to reflect the expected pattern of consumption of the expected future economic benefits embodied in the asset. Amortisation is recognised within cost of sales on the statement of comprehensive income.

Other finite intangible assets

Other finite intangible assets are largely made up of waste collection rounds acquired by the group. Such assets are assessed as having a finite useful economic life of between 10 and 25 years amortised on a straight-line basis. Amortisation is recognised within administrative expenses on the statement of comprehensive income.

2.7 Property, plant & equipment and depreciation

Property, plant & equipment are stated at cost less depreciation.

Cost includes the costs that are directly attributable to bringing the asset into working condition for its intended use and include the borrowing costs for long-term construction projects if the recognition criteria are met. When significant parts of property and equipment are required to be replaced at intervals, the Group recognises such parts as individual assets with specific useful lives and depreciates them accordingly.

Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives on the following basis:

Freehold property - land and buildings	-	10 - 30 years, straight line (land is not depreciated)
Freehold property - airspace	-	On the basis of airspace used and minerals extracted
Leasehold land and buildings	-	Lease term
Landfill and quarry engineering	-	On the basis of airspace used and minerals extracted
Plant and machinery	-	3 - 30 years, straight line
Motor vehicles	-	3 - 15 years, straight line
Fixtures and fittings	-	3 - 15 years, straight line
Assets under construction	-	Depreciation commences upon completion of asset

2.8 Investments

Company
Subsidiary undertakings
Investments in subsidiaries are valued at cost less provision for impairment.

Group
Associated and Joint venture undertakings
Investments in associates and joint ventures are stated at the amount of the Group's share of net assets. The profit and loss account includes the Group's share of the associated and joint venture companies' profits after taxation using the equity accounting basis.

Other fixed asset investments
Other fixed asset investments are measured at fair value.

2.9 Leases

The Company as a lessee

The Company assesses whether a contract is or contains a lease, at inception of a contract. The Company recognises a right-of-use asset and a corresponding lease liability with respect to all lease agreements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets. For these leases, the Company recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.
Lease payments included in the measurement of the lease liability comprise:

- fixed lease payments (including in-substance fixed payments), less any lease incentives;

The lease liability is included in 'Creditors' on the Statement of financial position. The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.
The Company did not make any such adjustments during the periods presented.

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

Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Company expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease.

The right-of-use assets are included in the 'Intangible Assets', 'Plant, Property and Equipment' and 'Investments' lines, as applicable, in the Statement of financial position.

The Company applies IAS 36 to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss as described in note 2.21.

As a practical expedient, IFRS 16 permits a lessee not to separate non-lease components, and instead account for any lease and associated non-lease components as a single arrangement. The Company has used this practical expedient.

The company has the right to opt for renewal or termination on certain property and equipment leases it has signed as lessee, and uses its judgment to determine if there are strong economic incentives to exercise them and therefore include the lease payments within the lease liability calculation.

2.10 Financial instruments

The Group recognises financial instruments when it becomes a party to the contractual arrangements of the instrument. Financial instruments are de-recognised when they are discharged or when the contractual terms expire. The Company's accounting policies in respect of financial instruments transactions are explained below:

Financial assets
The Group recognises its financial assets at amortised cost using the effective interest rate method, less provision for impairment.

The Group assesses possible increase in credit risk for financial assets measured at amortised cost at the end of each reporting period. For trade receivables the simplified approach is used, and the loss allowance is measured at the estimate of the lifetime expected credit losses. The amount of any loss allowance is recognised in profit or loss.

Impairment of financial assets
The Group recognises a loss allowance for expected credit losses. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition.

The expected credit losses are estimated based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast future conditions at the reporting date.

To measure the expected credit losses, trade receivables and contract assets have been grouped based on shared credit risk characteristics and the days past due. The contract assets relate to unbilled work in progress and have substantially the same risk characteristics as the trade receivables for the same types of contracts. The group has therefore concluded that the expected loss rates for trade receivables are a reasonable approximation of the loss rates for the contract assets.

The expected loss rates are based on the payment profiles of sales over a period of 36 months before 31 December 2020 or 1 January 2020 respectively and the corresponding historical credit losses experienced within this period.

For financial assets, the expected credit loss is estimated as the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive.

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument at the reporting date with the risk of a default occurring on the financial instrument at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

Financial liabilities
The Group classifies all of its financial liabilities as liabilities at amortised cost.

At amortised cost
Financial liabilities at amortised cost including bank borrowings are initially recognised at fair value net of any transaction costs directly attributable to the issue of the instrument. Such interest bearing liabilities are subsequently measured at amortised cost using the effective interest rate method, which ensures that any interest expense over the period to repayment is at a constant rate on the balance of the liability carried into the statement of financial position.

2.11 Derivative financial instruments and hedging

Derivative financial instruments

Derivative financial instruments are recognised at fair value. The gain or loss on remeasurement to fair value is recognised immediately in profit or loss. However, where derivatives qualify for hedge accounting, recognition of any resultant gain or loss depends on the nature of the item being hedged (see below).

Cash flow hedges

Where a derivative financial instrument is designated as a hedge of the variability in cash flows of a recognised asset or liability, or a highly probable forecast transaction, the effective part of any gain or loss on the derivative financial instrument is recognised in other comprehensive income. Any ineffective portion of the hedge is recognised immediately in the profit and loss.

The associated cumulative gain or loss is removed from equity and recognised in the income statement in the same period or periods during which the hedged forecast transaction affects profit or loss.

2.12 Services concession financial asset

In accordance with IFRIC 12 and the various provisions of IFRS, the Group has determined the appropriate treatment of the principal assets of, and income streams from, PFI and similar contracts. Results of all service concessions which fall within the scope of IFRIC 12 conform to the following policies depending on the rights to consideration under the service concessions:

Service concessions treated as financial assets

The Group recognises a financial asset arising from a service concession arrangement when it has an unconditional contractual right to receive cash or another financial asset from, or at the direction of, the grantor for the construction or upgrade services provided.

Revenue is recognised by allocating a proportion of total cash receivable to construction income and service income. The consideration received will be allocated by reference to the relative fair value of the services delivered, when the amounts are separately identifiable. Construction revenue is based on cost incurred plus a predicted profit margin.

During the operational stage, cash received in respect of the service concessions is allocated to service and maintenance revenue based on its fair value, with the remainder being allocated between capital repayment and interest income using the effective interest method.

The financial assets are held as loans or receivables in accordance with IFRS 9: 'Financial instruments: Recognition and measurement'. Financial assets are recognised initially at fair value. Subsequent to initial recognition, they are measured at amortised cost using the effective interest method less any impairment losses.

The Group has entered into a number of contracts to provide waste management services on behalf of local authorities ('the customer'). The Group is contractually obliged to design, build and operate waste facilities, including household waste recycling centres, materials recycling centres, civic amenity sites, transfer stations and an Energy from Waste plant on behalf of the customer, and has the right to use these facilities to provide waste management services. The grantor (the customer) has agreed to provide a minimum guaranteed tonnage of waste to the facility and will pay a fixed price per tonne for this level of waste, with any further tonnage being subject to a different rate. The Group in return, will remove and treat the waste and is obliged to maintain the facilities under lifecycle clauses within the contract.

The Group has the right to both accept and process third party waste, and for some contracts to generate electricity revenues at the waste facilities.

There are provisions in the contract for termination (and related compensation) in the event of default or voluntary termination by the operator or grantor. There is provision in the contract for an extension of the contract period. The contract specifies that the waste management facilities are to be returned to the customer at the end of the contract in an appropriate condition.

For some service arrangements the Group has the contractual right to charge users of the public service: to reflect this an intangible asset is recognised as detailed in 2.6.

2.13 Inventories

Inventories relate to spare parts and fuel and are valued at cost after making due allowance for obsolete and slow moving items. Cost is based on the cost of purchase on a first in, first out basis.

2.14 Taxation

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the income statement except to the extent that it relates to items recognised in other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: the initial recognition of assets or liabilities that affect neither accounting nor taxable profit other than in a business combination. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised.

2.15 Foreign currencies

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at rates of exchange ruling at the balance sheet date.

Transactions in foreign currencies are translated into sterling at the rate ruling on the date of the transaction.

Exchange gains and losses are recognised in the profit and loss account.

2.16 Research and development

Research expenditure is written off in the year in which it is incurred.

2.17 Pensions

The Group operates a defined contribution pension scheme and the pension charge represents the amounts payable by the Group to the fund in respect of the year. Contributions are made by the company or Group and the employees to a separately administered fund.

The Company is the sponsoring entity for a number of defined benefit pension schemes and the pension charge is based on full actuarial valuations dated between 31 December 2018 and 5 April 2019.

In accordance with IAS 19 'Employee benefits', the service cost of the pension provision relating to the period, together with the cost of any benefits relating to past service, is charged to the profit and loss account. A charge equal to the increase in the present value of the scheme liabilities (because the benefits are closer to settlement) and a credit equivalent to the Group's long-term expected returns on assets (based on the market value of the scheme assets at the start of the period) is included in the profit and loss account under 'Net finance charge on pension scheme obligations'.

The difference between the market value of the assets of the scheme and the present value of the accrued pension liabilities is shown as an asset or liability on the balance sheet net of deferred tax. Any difference between the expected return on assets that is actually achieved is recognised as other comprehensive income along with differences arising from experience or assumption changes.

2.18 Provisions for environmental and landfill costs and landfill gas revenues

Provisions for environmental and landfill costs include provisions associated with the closure and post-closure of landfill sites. The Group estimates its total future requirements for closure costs and for post-closure monitoring and maintenance of the site after the anticipated closure.

Closure costs:
Provision is made for final capping and site inspection costs. These costs are incurred during the operating life of the site and the Group provides for these costs as the permitted airspace is used.

Post closure costs:
Provision is made for inspection, ground water monitoring, leachate management, methane gas control and recovery, and the operation and maintenance costs to be incurred during the period after the site closes.

Post-closure provisions have been shown at net present value. The current cost estimated has been inflated at 2.40% *(2019 - 2.90%)* and discounted by between 3.18% and 6.01% *(2019 - between 2.75% and 5.76%)*. The unwinding of the discount element is shown in the financial statements as a financial item.

Future revenues from the generation of electricity from landfill gas during the post-closure period, where contracts are in place for its sale, are deducted from the provision balances and are discounted in line with the post-closure provision.

2.19 Equity settled share-based payments

In accordance with IFRS 2, 'Share-based Payments', the cost of share options issued by SUEZ Recycling and Recovery Holdings UK Ltd's ultimate parent company SUEZ SA, to the Group's employees is charged to the profit and loss account over the performance and vesting periods of the instruments. The cost is based on the fair value of the awards made at the date of the grant adjusted for the number of awards expected to vest. The credits associated with the amounts charged to the profit and loss account are included in retained earnings/losses.

2.20 Capitalisation of finance costs

The interest and finance costs attributable to the financing of separately identifiable major capital projects prior to the date of completion, meeting the criteria of qualifying assets, are capitalised and depreciated over the useful economic life of the project.

2.21 Impairment of property, plant & equipment and intangible assets

In accordance with IAS 36, impairment tests are carried out on intangible assets and on property, plant and equipment whenever there is an indication that the assets may be impaired. Such indications may be based on events or changes in the market environment, or on internal sources of information. Intangible assets that are not amortised are tested for impairment annually.

Impairment indicators
This impairment test is only carried out for property, plant and equipment and intangible assets for the defined useful lives when there are indications of an alteration in their value. In general, this arises as a result of significant changes in the operational environment of the assets or from a poorer than expected economic performance.

The main indications of impairment used by the Group are:

- external sources of information:
  - significant changes in the economic, technological, political or market environment in which the entity operates or to which the asset is dedicated,
  - fall in demand;
- internal sources of information:
  - evidence of obsolescence or physical damage not budgeted for in the depreciation/amortization schedule,
  - worse-than-expected performance.

Impairment

Items of property, plant and equipment or intangible assets are tested for impairment at the level of the individual asset or cash-generating unit as appropriate, determined in accordance with IAS 36. If the recoverable amount of an asset is lower than its carrying amount, the carrying amount is reduced to the recoverable amount by recording an impairment loss. Upon recognition of an impairment loss, the depreciable amount – and possibly the useful life – of the asset concerned is revised.

Impairment losses recorded in relation to property, plant and equipment or intangible assets may be subsequently reversed if the recoverable amount of the assets is once again higher than their carrying value. The increased carrying amount of an item of property, plant or equipment attributable to a reversal of an impairment loss may not exceed the carrying amount that would have been determined (net of depreciation/amortization) had no impairment loss been recognized in prior periods.

Measurement of recoverable amount

In order to review the recoverable amount of property, plant and equipment and intangible assets, the assets are, where appropriate, grouped into cash-generating units (CGUs) and the carrying amount of each unit is compared with its recoverable amount.

For operating entities which the Group intends to hold on a long-term and going concern basis, the recoverable amount of a CGU corresponds to the higher of its fair value less costs to sell and its value in use. Value in use is primarily determined based on the present value of future operating cash flows and a terminal value. Standard valuation techniques are used based on the following main economic data:

- discount rates based on the specific characteristics of the operating entities concerned;
- terminal values in line with the available market data specific to the operating segments concerned and growth rates associated with these terminal values, not to exceed inflation.

Discount rates are determined on a post-tax basis and applied to post-tax cash flows. The recoverable amounts calculated on the basis of these discount rates are the same as the amounts obtained by applying the pre-tax discount rates to cash flows estimated on a pre-tax basis, as required by IAS 36.

For operating entities which the Group has decided to sell, the related carrying amount of the assets concerned is written down to the estimated market value less costs of disposal. When negotiations are ongoing, this is determined based on the best estimate of their outcome as of the reporting date.

In the event of a decline in value, the impairment loss is recorded in the consolidated income statement under impairments.

2.22 Share capital

Ordinary shares are classified as equity. Mandatorily redeemable preference shares in the Company or subsidiaries of the Group are classified as liabilities.

2.23 Government grants

Government grants are not recognised until there is reasonable assurance that the company will comply with the conditions attaching to them and that the grants will be received.

Government grants towards staff costs are recognised as income over the periods necessary to match them with the related costs and are presented as a credit in the Statement of comprehensive income within 'other operating income'.

3. Judgments in applying accounting policies and key sources of estimation uncertainty

Due to uncertainties inherent in the estimation process, the Group regularly revises its estimates in light of currently available information. Final outcomes could differ from those estimates.

The key estimates used by the Group in preparing the financial statements relate mainly to the below; carrying amounts at the balance sheet dates can be found in the notes as referred to below:

- The measurement of:
  - the recoverable amount of goodwill and intangible assets. (note 15 – Dec 2020: £161,525,000)
  - the measurement of the recoverable amount of property, plant and equipment (note 16 – Dec 2020: £250,620,000).
  - the measurement of the recoverable amount of investments (note 17 – Dec 2020: £1,828,000).

  Judgement is applied in respect of identifying and measuring impairment. Impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs to sell and its value in use. See note 2.21 for more detail.

- The measurement of financial instruments (note 25 – Dec 2020: Financial Assets: £667,725,000, Financial Liabilities: £619,590,000).

  Where the fair value of financial assets and financial liabilities recorded in the statement of financial position cannot be derived from active markets, their fair value is determined using valuation techniques including the discounted cash flow model. The inputs to these models are taken from observable markets where possible. Where this is not feasible, a degree of judgment is required in establishing fair values. The judgments include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

- The measurement of provisions (note 26) and the consideration of whether provision is required.

  Site restoration and maintenance provision
  Estimates used in the post closure costs associated with environmental control after landfill sites close are uncertain. The key factors are the volumes of leachate requiring treatment, the amounts of landfill gas produced by the site and the amounts of electricity income this can generate, the speed at which the waste decomposes, and other requirements set out by the environmental regulator. The provision requirement is reviewed and updated, if required, on an annual basis. The provision is recognised in the financial statements at net present value using a discounted rate estimated by management to reflect the time value of money. (Note 26 – Dec 2020: £56,949,000). A 0.5% decrease to the discount rate would result in £3,481,000 increase in provision. A 0.5% increase to the discount rate would result in £4,454,000 decrease in provision.

  Maintenance provision
  Estimates are made of maintenance costs to be incurred over the length of operating certain facilities under operations and maintenance contracts. These cost estimates are prepared by technical experts within SUEZ based on experience in operating similar facilities along with the specific maintenance needs of each facility and contract. These cost estimates are reviewed and updated each year by senior management and are used as the basis for the maintenance provision. (Note 26 – Dec 2020: £38,501,000)

- The judgement of whether a contract falls under IFRIC 12 and then the classification of concession arrangements between the concession debtor model, the intangible asset model and the bifurcated model, along with the basis on which cash received under concession arrangements is recognised (notes 15 and 19 – Dec 2020: Intangible Asset: £92,454,000, Concession Debtor: £109,412,000).

3. Judgments in applying accounting policies and key sources of estimation uncertainty (continued)

- Pension obligations are measured on the basis of actuarial calculations. (Note 31 – Dec 2020: Liability £19,499,000). The Group considers that the assumptions used to measure its obligations are appropriate and documented. However, any change in these assumptions may have a material impact on the resulting calculations.

- Judgement in applying IFRS 15. The group estimates the fair value of the transaction price allocated to each separate performance obligations based on historical experiences of services rendered in similar circumstances. The main judgement relate to the service concession arrangements see note 2.12 for more detail.

- Leases - Lease liabilities are recognised at net present value using discount rate estimated by management to reflect the time value of money. A 0.5% increase in this estimate would decrease the liability as 31 *December 2020 by £3,966,000; a 0.5% decrease would increase the liability by £3,681,000.*

  Management judgment is required to determine whether break clauses within lease contracts are likely to be exercised as this impacts the valuation of amounts recognised under IFRS16. Where an extension option exists, it must meet the IFRS16 criteria and if it is determined that the criteria is met then the lease will be extended, impacting the right of use asset and lease liability valuation.

  As at December 2020 the net book value of leased assets were £40,307,000 (Note 16). The lease liability at 31 December 2020 was £49,512,000 (Note 23).

As well as relying on estimates, the Group's management also makes judgments to define the appropriate accounting treatment to apply to certain activities and transactions, when the effective IFRS standards and interpretations do not specifically deal with the related accounting issue.

This particularly applies in relation to the recognition of concession arrangements.

At the date of signing the financial statements, the Group has an ongoing dispute with a key public sector customer (the Customer). The dispute stems from a different contractual interpretation of the trigger for 'Acceptance' of a New Development Project's facilities, including Facility A and Facility B. On 'Acceptance' the Group is entitled to start to be paid by the Customer for building these new facilities (the 'Increased Payments'):

- The Group's interpretation is that 'Acceptance' occurs on the Works subcontractor achieving agreed performance tests for each of Facility A and Facility B. This was achieved in 2019 for Facility A and in 2020 for Facility B and was confirmed by an Independent Testing Agency (as the Works subcontract requires) and there is no dispute between the Group and the Works subcontractor in relation to this.
- The Customer's interpretation is that for the respective agreed performance test to amount to 'Acceptance' each of Facility A and Facility B must successfully complete a test of reliability as set out in the Works subcontract.

The Group accounts for its relevant contract is a concession arrangement under IFRIC12 and has recognised a financial asset measured at amortised cost. The Group have recognised impairment losses (see note 13) in respect of the period from the year end date to the date the performance tests were passed.

Reflected in the financial statements for the year ended 31 December 2020 is a further provision (note 13) for the impairment of the concession debtor for £25.9m, which is the value of the Increased Payments in dispute for the period from agreed performance tests being achieved for Facility B and the related test of reliability being completed. The reliability tests were successfully completed during 2021 since the balance sheet date and therefore the maximum exposure is known.

The Group and the Customer are actively seeking resolution to the matter in line with the provisions of their contract.

4. IFRSs issued

There are no new IFRS standards, amendments and interpretations in the current year have had a material impact on the Company's financial statements for the year ended 31 December 2020.

5. Turnover

	2020 £000	*2019* *£000*
Recognised over time		
Construction revenue	**3,664**	*11,963*
Recognised at a point in time		
Disposal of waste	**698,172**	*685,796*
Sales of recyclates	**49,524**	*45,798*
Electricity Revenue	**37,803**	*40,554*
	789,163	*784,111*

In the case of Service Concession Revenue the customer pays a fixed plus variable amount based on the contractual terms. If the services rendered by the company exceed the payment, a contract asset is recognised, if the payments exceed the services rendered a contract liability is recognised.

Revenue recognised in the reporting period that was included in the contract liability balance at the beginning of the period was £17,530,000.

Revenue recognised in the reporting period from performance obligations satisfied in previous periods amounted to £3,465,000.

At the year end a total of £13,430,000 of revenue is still to be recognised in relation to remaining performance obligations that have partially been satisfied.

£637,000 of assets are currently recognised in relation to cost incurred to obtain or fulfil a contract under IFRS 15.

Geographical breakdown of turnover is as follows:

	2020 £000	*2019* *£000*
United Kingdom	**779,688**	*773,937*
European Union	**5,736**	*4,821*
Rest of world	**3,739**	*5,353*
	789,163	*784,111*

6. Other income

	2020 £000	*2019* *£000*
Settlement claims	-	*29,215*
Coronavirus Job Retention Scheme	**3,521**	-

7. Operating profit

The operating profit is stated after charging:

	2020 £000	2019 £000
Service concession costs	**3,542**	*17,496*
Amortisation - intangible fixed assets	**5,765**	*5,738*
Depreciation of owned property, plant & equipment	**29,226**	*29,568*
Depreciation of right of use assets	**10,023**	*10,599*
Impairment of owned property, plant & equipment	**53**	*10,180*
Inventories recognised as an expense during the period	**23,093**	*25,645*
Foreign exchange losses	**143**	*2*
Auditor's remuneration *	**403**	*438*
Auditor's remuneration - audit related assurance services	**-**	*-*

* Auditors' remuneration relating to the audit of the Company financial statements is £25,000 (2019- £25,000).

The remainder is for the audit of the financial statements of subsidiaries of the group headed by SUEZ UK Group Holdings Limited.

£107,000 was also incurred in relation to the audit of associate and joint venture companies (2019- £105,200). There were no non-audit services provided in the year or prior year.

8. Staff costs

Staff costs were as follows:

	2020 £000	2019 £000
Wages and salaries	**170,972**	*157,418*
Social security costs	**18,192**	*17,222*
Other pension costs (Note 31)	**16,399**	*14,818*
	205,563	*189,458*

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

	Group 2020 No.	Company 2020 No.	Group 2019 No.	Company 2019 No.
Office and management	**1,043**	**567**	*1,151*	*631*
Operational	**4,622**	**51**	*4,016*	*38*
	5,665	**618**	*5,168*	*668*

All employees are employed by SUEZ Recycling and Recovery UK Limited and paid by SUEZ Recycling and Recovery Holdings UK Ltd.

9. Directors' remuneration

	2020 £000	*2019 £000*
Remuneration	2,103	*1,130*
Company pension contributions to defined benefit pension schemes	175	*77*

The highest paid director received remuneration of £748,000 *(2019 - £632,000)*.

During the year retirement benefits were accruing to 2 directors (2019 - 1) in respect of defined benefit pension schemes.

None of the directors exercised options over shares in the ultimate parent company in the year ended 31 December 2020 or the prior year.

10. Share based payments

Employee Share issues:

Sharing 2014:
In 2014, SUEZ launched a global employee shareholding plan, called Sharing. Details of this scheme are disclosed in previous SUEZ Recycling and Recovery Holdings UK Ltd financial statements.

The lock up period for this scheme ended in July 2019.

Sharing 2017:
In 2017, SUEZ launched its third global employee shareholding plan. called Sharing. Details of this scheme are disclosed in previous SUEZ Recycling and Recovery Holdings UK Ltd financial statements. 30,250 units were held at 31 December 2019.

Sharing 2019:
In 2019, SUEZ launched its fourth global employee shareholding plan, called Sharing. This employee share issue programme is part of the policy to increase employee shareholding and strengthen the relationship between SUEZ Environment and its employees by offering them the possibility of being more closely associated with the Group's growth and performance. Two formulas were offered:

A "Classic" formula, which includes a discount and employer contribution and in which the subscriber is exposed to movements in the share price. In the United Kingdom, a Share Incentive plan (SIP) was implemented. It allowed employees to subscribe at the average opening price for the 14 trading days between October 18 and November 7 2019 while benefitting from matching shares as well;

A "Multiple" formula, which allows employees to benefit from a leverage effect to supplement their personal contribution as well as a discounted subscription price. A swap agreement with the back that structures the plan allows employees to benefit from a guarantee on their personal contribution and a guaranteed minimum return. In some countries (especially in the United States), the multiple formula was adapted to local laws and Share Appreciation Rights were granted as an alternative.

SIP rules required the CEO of SUEZ to set the subscription price at €11.84 in November 2019. The fair value of the matching shares has been calculated using the method described above. In this case, the shares are delivered immediately with no vesting period, but are subject to a 3 year lock-in period. 18,100 units were held at 31 December 2019.

During the year ended 31 December 2020, a charge of £58,000 was recognised regarding SUEZ employee share issue schemes (2019- £4,000).

11. Finance income

	2020 £000	2019 £000
Group interest receivable	1,728	1,523
Interest income from service concession financial assets	8,865	10,613
Interest receivable from participating interests	8,932	8,729
Other interest receivable	56	56
Total interest receivable and similar income held at amortised cost	19,581	20,921

12. Finance costs

	2020 £000	2019 £000
Interest on group loans	18,714	20,445
Other interest payable	2,918	3,108
Lease interest	1,035	1,674
Total interest payable and similar expenses held at amortised cost	22,667	25,227
Discount on provisions	5,368	3,273
	28,035	28,500

13. Other gains and losses

	2020 £000	2019 £000
Interest on pension scheme assets	2,039	2,722
Interest on pension scheme liabilities	(1,981)	(2,893)
Loss on financial assets held at amortised costs	-	(12,631)
Other gains	-	8,900
Provision for the impairment of financial assets held at amortised costs	(25,904)	(9,600)
	(25,846)	(13,502)

The loss on financial assets held at amortised costs are net losses in relation to service concession financial assets and revaluation due to changes in timings and amounts of expected cashflows relating to delays in construction and commencement of operation. Other gains in the prior year are the recognition of LDs from EPC contractor relating to these delays.

Provision for the impairment of financial assets held at amortised costs are in relation to disputes as detailed in note 3.

14. Taxation

	2020 £000	2019 £000
Analysis of tax (credit)/charge in the year		
Current tax (see note below)		
Current tax charge	3,543	877
Adjustments in respect of prior periods	(617)	(1,188)
Total current tax	2,926	(311)
Deferred tax		
Origination and reversal of timing differences	(3,904)	2,702
Adjustment in respect of prior periods	(614)	(2,572)
In relation to defined benefit pension schemes	258	207
Total deferred tax	(4,260)	337
Tax (credit)/charge on profit through income statement	(1,334)	26
Tax charged directly to equity		
Current tax	-	-
Deferred tax charge	(1,880)	(724)

14. Taxation (continued)

Factors affecting tax charge for the year

The tax assessed for the year is lower than *(2019 - lower than)* the standard rate of corporation tax in the UK of 19% *(2019 19%)*. The differences are explained below:

	2020 £000	*2019* *£000*
Accounting (loss)/profit before tax	(12,032)	*13,909*
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% *(2019 - 19%)*	(2,286)	*2,643*
Effects of:		
Non-tax deductible amortisation of goodwill and impairment	-	-
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	2,086	*1,206*
Adjustments to tax charge in respect of prior periods	(1,231)	*(3,760)*
Share of profit of associates and joint ventures	-	*390*
Non-taxable income	(150)	*(111)*
Movement on uncertain tax positions	(1,074)	-
Changes in taxation rate	1,321	*(342)*
Total tax (credit)/charge for the year	(1,334)	*26*

Factors that may affect future tax charges

The increase to the UK corporation tax rate from 19% to 25% was substantively enacted on 24 May 2021 and will be effective from 1 April 2023. The change had not been substantively enacted at the balance sheet date and, therefore, is not recognised in these financial statements.

The estimated impact of the rate change is an increase to the net Deferred Tax liability of £1,889,000 with a debit to the income statement of £2,704,000 and a credit to other comprehensive income of £815,000

15. Intangible assets and goodwill

Group	Concession arrangements £000	Goodwill £000	Software £000	Intangible Assets £000	Total £000
Cost					
At 1 January 2020	**121,634**	**65,733**	**4,548**	**3,342**	**195,257**
Additions	-	-	-	-	-
At 31 December 2020	121,634	65,733	4,548	3,342	195,257
Amortisation and impairment					
At 1 January 2020	**24,310**	**429**	**706**	**2,522**	**27,967**
Charge for the year	4,870	-	516	379	5,765
At 31 December 2020	29,180	429	1,222	2,901	33,732
Net book value					
At 31 December 2020	92,454	65,304	3,326	441	161,525
At 31 December 2019	*97,324*	*65,304*	*3,842*	*820*	*167,290*

As described in note 2.6, the concession arrangements intangible assets relate to amounts paid or payable as consideration for rights relating to concession arrangements under the contract with Suffolk County Council. This asset has useful life of 25 year with 19 years remaining until it is expected to be fully amortised.

15. Intangible fixed assets (continued)

Group	Concession arrangements £000	Goodwill £000	Software £000	Intangible Assets £000	Total £000
Cost					
At 1 January 2019	120,809	65,733	-	3,342	189,884
Additions	825	-	4,548	-	5,373
At 31 December 2019	121,634	65,733	4,548	3,342	195,257
Amortisation and impairment					
At 1 January 2019	19,441	429	-	2,360	22,230
Charge for the year	4,869	-	706	162	5,737
At 31 December 2019	24,310	429	706	2,522	27,967
Net book value					
At 31 December 2019	97,324	65,304	3,842	820	167,290
At 31 December 2018	*101,368*	*65,304*	*-*	*982*	*167,654*

15. Intangible fixed assets (continued)

Impairment review of goodwill

The Group reviews at each reporting period whether there are any indicators of impairment in accordance with IAS 36 Impairment of Assets. An annual impairment review is completed by comparing the carrying amount of the goodwill for each Cash generating Unit (CGU) to its recoverable amount. The recoverable amount is the higher of its fair value less costs of disposal and its value in use. If the recoverable amount is less than the carrying amount, an impairment loss is allocated, first to reduce the carrying amount of the goodwill and then to the assets of the cash-generating unit. In the current year all CGUs have been valued on the basis of value in use, rather than fair value less costs of disposal on the basis that it is the higher of the two valuations.

The key assumptions when calculating the value in use are forecast revenue and costs. Management's calculation of value in use has been developed from forecast five year cash flows which are prepared on the basis of past performance, expectation of future performance and market information and a consistent growth rate thereafter, based on the underlying assets of each division.

The Group has conducted a sensitivity analysis on the impairment test of each CGU's carrying value. The Group prepares cash flow forecasts derived from the most recent financial budgets approved by management and extrapolates growth at 2.5% thereafter for 5 years before using the terminus value, using a discount rate of 6.1% (2019: 6.2%). Adjustments are made for CGUs that have finite useful lives in terms of landfill sites.

Of the total net book value £65,304,000, £54,299,000 relates to goodwill on the acquisition relating to United Waste, the trade from which is considered to be one CGU. The calculated recoverable value of this goodwill is £196,673,000. Sensitivity analysis shows that the discount rate would need to increase to 19.9% for the recoverable amount to be equal to the net book value. Of the remaining goodwill, no significant amounts are attached to any one particular CGU.

16. Property, plant and equipment

Group	Land and buildings £000	Plant and machinery £000	Motor vehicles £000	Fixtures and fittings £000	Assets under construction £000	Total £000
Cost						
At 1 January 2020	436,588	320,427	56,836	36,199	11,630	861,680
Additions	1,011	5,011	388	3,230	3,072	12,712
Disposals	(162)	(34,080)	(9,528)	(43)	(2,763)	(46,576)
Transfer intra-group	(526)	522	27	-	-	23
Transferred to intangible assets						
Tr8ansfer between classes	2,643	1,792	112	1,117	(5,664)	-
Right of use assets - Additions	102	-	1,929	-	-	2,031
Right of use assets - Disposals	(777)	(1,649)	(935)	-	-	(3,361)
At 31 December 2020	438,879	292,023	48,829	40,503	6,275	826,509
Depreciation						
At 1 January 2020	311,489	214,905	28,546	27,999	-	582,939
Charge for the year	6,450	15,322	4,607	2,847	-	29,226
On disposals	(142)	(33,929)	(9,449)	(43)	-	(43,563)
Transfer intra-group	(674)	661		-		(13)
Right of use - charge for the year	3,211	2,549	4,263	-	-	10,023
Right of use - on disposal	(288)	(1,560)	(928)	-	-	(2,776)
Impairment charge	-	53			-	53
At 31 December 2020	320,046	198,001	27,039	30,803	-	575,889
Net book value						
At 31 December 2020	118,833	94,022	21,790	9,700	6,275	250,620
At 31 December 2019	*125,099*	*105,522*	*28,290*	*8,200*	*11,630*	*278,741*

16. Property, plant and equipment (continued)

The net book value of owned and leased assets included as "Property Plant and Equipment" in the Statement of financial position is as follows:

	2020	*2019*
	£000	*£000*
Tangible fixed assets owned	**210,313**	*229,857*
Right-of-use tangible fixed assets	**40,307**	*48,884*
	250,620	*278,741*

Information about right-of-use assets is summarised below:

Net book value

	2020	*2019*
	£000	*£000*
Land and buildings	**25,118**	*28,716*
Plant and machinery	**2,565**	*5,203*
Motor vehicles	**12,624**	*14,965*
	40,307	*48,884*

Depreciation charge for the year ended

	2020	*2019*
	£000	*£000*
Land and buildings	**3,211**	*3,558*
Plant and machinery	**2,549**	*2,997*
Motor vehicles	**4,263**	*4,044*
	10,023	*10,599*

16. Property, plant and equipment (continued)

Group	Land and buildings £000	Plant and machinery £000	Motor vehicles £000	Fixtures and fittings £000	Assets under construction £000	Total £000
Cost						
At 1 January 2019	407,795	328,834	51,587	33,404	16,562	838,182
Additions	3,610	5,582	1,356	2,368	5,270	18,186
Disposals	(8,341)	(23,358)	(16,357)	(288)	(2,924)	(51,268)
Transfer intra-group	-	(55)	-	-	-	(55)
Transferred to intangible assets	-	-	-	-	(3,198)	(3,198)
Transfer between classes	513	1,397	1,455	715	(4,080)	-
Transfer between cost and depreciation	933	-	-	-	-	933
Right of use assets – on initial application of IFRS16	31,079	7,248	10,130	-	-	48,457
Right of use assets - Additions	2,073	952	8,883	-	-	11,908
Right of use assets - Disposals	(1,074)	(173)	(218)	-	-	(1,465)
At 31 December 2019	436,588	320,427	56,836	36,199	11,630	861,680
Depreciation						
At 1 January 2019	303,846	212,544	36,319	25,605	-	578,314
Charge for the year	6,088	16,806	4,477	2,601	-	29,972
On disposals	(7,456)	(22,362)	(16,372)	(286)	-	(46,476)
Transfer between cost and depreciation	933	-	-	-	-	933
Right of use - charge for the year	3,558	2,997	4,044	-	-	10,599
Right of use - on disposal	(196)	(173)	(214)	-	-	(583)
Impairment charge	4,716	5,093	292	79	-	10,180
At 31 December 2019	311,489	214,905	28,546	27,999	-	582,939
Net book value						
At 31 December 2019	125,099	105,522	28,290	8,200	11,630	278,741
At 31 December 2018	*103,949*	*116,290*	*15,268*	*7,799*	*16,562*	*259,868*

16. Property, plant and equipment (continued)

Company	Land and buildings £000	Plant and machinery £000	Motor vehicles £000	Fixtures and fittings £000	Assets under construction £000	Total £000
Cost						
At 1 January 2019	*8,443*	*6,108*	*3,180*	*31,669*	*7,813*	*57,213*
Additions	*-*	*212*	*-*	*1,358*	*1,747*	*3,317*
Transfers intra UK group	*(155)*	*114*	*(1,757)*	*-*	*(6,122)*	*(7,920)*
Disposals	*-*	*(1)*	*(1,255)*	*(138)*	*-*	*(1,394)*
Transfer between classes	*(2,965)*	*(2,471)*	*1*	*664*	*4,771*	*-*
At 1 January 2020	**5,323**	**3,962**	**169**	**33,553**	**8,209**	**51,216**
Additions	**71**	**29**	**-**	**2,217**	**-**	**2,317**
Transfers intra UK group	**-**	**(74)**	**-**	**-**	**-**	**(74)**
Disposals	**-**	**(225)**	**-**	**(31)**	**(2,762)**	**(3,018)**
Transfer between classes	**19**	**-**	**-**	**1,111**	**(1,130)**	**-**
At 31 December 2020	**5,413**	**3,692**	**169**	**36,850**	**4,317**	**50,441**
Depreciation						
At 1 January 2019	*660*	*2,340*	*2,820*	*23,787*	*-*	*29,607*
Charge for the year	*(59)*	*(222)*	*20*	*2,302*	*-*	*2,041*
On disposals	*-*	*-*	*(1,251)*	*(137)*	*-*	*(1,388)*
Impairment	*-*	*41*	*-*	*79*	*-*	*120*
Transfers intra UK group	*(110)*	*209*	*(1,420)*	*-*	*-*	*(1,321)*
At 1 January 2020	**491**	**2,368**	**169**	**26,031**	**-**	**29,059**
Charge for the year	**28**	**215**	**-**	**2,346**	**-**	**2,589**
On disposals	**-**	**(181)**	**-**	**(31)**	**-**	**(212)**
Transfers intra UK group	**-**	**(65)**	**-**	**-**	**-**	**(65)**
At 31 December 2020	**519**	**2,337**	**169**	**28,346**	**-**	**31,371**
Net book value						
At 31 December 2020	**4,894**	**1,355**	**-**	**8,504**	**4,317**	**19,070**
At 31 December 2019	**4,832**	**1,594**	**-**	**7,522**	**8,209**	**22,157**

17. Fixed asset investments

Group	Investments in associates £000	Other fixed asset investments £000	Investment in joint ventures £000	Total £000
Cost or valuation				
At 1 January 2020	**2,188**	**4**	**409**	**2,601**
Dividend paid	**(3,330)**	**-**	**-**	**(3,330)**
Share of profit/(loss)	**1,579**	**-**	**(203)**	**1,376**
Share of other comprehensive income	**1,181**	**-**	**-**	**1,181**
At 31 December 2020	**1,618**	**4**	**206**	**1,828**
Impairment				
At 1 January 2020 and 31 December 2020	-	-	-	-
Net book value				
At 31 December 2020	**1,618**	**4**	**206**	**1,828**
At 31 December 2019	*2,188*	*4*	*409*	*2,601*

Loans to associates, as disclosed in note 19, are also treated as part of the group's net investment in the associate. The cumulative amount of unrecognised share of total other comprehensive loss, relating to associates' hedge reserves, amounted to £3,462,000 at 31 December 2020 (*2019* - £2,165,000).

Aggregate amounts of the group's share of associates:	**2020 £000**	*2019 £000*
(Loss) from continuing operations	**(3,293)**	*(2,148)*
Other comprehensive (loss)/income	**(3,968)**	*8,418*
Total comprehensive income	**(7,261)**	*6,270*

Aggregate amounts of the group's joint ventures:	**2020 £000**	*2019 £000*
(Loss)/profit from continuing operations	**(203)**	*94*
Total comprehensive (loss)/income	**(203)**	*94*

A Joint Venture of the group has unrecognised tax losses of £490,000 at 31 December 2020 (2019: £136,000). These have not been recognised because of uncertainty regarding the future profitability of the company.

17. Fixed asset investments (continued)

Company	Investments in subsidiary companies £000
Cost or valuation	
At 1 January 2020	821,695
Additions	-
Disposals	-
At 31 December 2020	821,695
Impairment	
At 1 January 2020	283,129
Charge for the year	-
At 31 December 2020	283,129
Net book value	
At 31 December 2020	538,566
At 31 December 2019	*538,566*

Details of the subsidiaries, joint ventures and associates can be found under note 34.

18. Inventories

	Group		Company	
	2020 £000	*2019 £000*	**2020 £000**	*2019 £000*
Spare parts	**15,460**	*12,549*	-	-
	15,460	*12,549*	-	-

In the year ended 31 December 2020 £23,093,000 (*2019: £25,645,000*) was the amount of inventory recognised as an expense by the Group. In the year ended 31 December 2020 the company recognised £nil (*2019: £nil*) of inventory as an expense. For both the company and the group £nil has been written down in the year (*2019: £nil*).

The difference between purchase price or production cost of inventories and their replacement cost is not material.

19.- Trade and other receivables and financial assets

	Group		Company	
	2020	*2019*	**2020**	*2019*
	£000	*£000*	**£000**	*£000*
Due after more than one year				
Financial Assets				
Amounts owed by group undertakings	-	-	**249,671**	*240,769*
Amounts owed by undertakings in which the Group has a participating interest	**25,768**	*32,779*	-	-
Service concession financial asset	**99,714**	*122,071*	-	-
Contract assets	**48,430**	*42,752*	-	-
Other non-current financial assets	-	*4,707*	-	-
	173,912	*202,309*	**249,671**	*240,769*

	Group		Company	
	2020	*2019*	**2020**	*2019*
	£000	*£000*	**£000**	*£000*
Due within one year				
Financial Assets				
Service concession financial asset	**7,109**	*6,128*	-	-
	7,109	*6,128*	-	-
Trade and other receivables				
Trade receivables	**100,757**	*102,065*	-	-
Amounts owed by group undertakings	**232,461**	*205,716*	**838,870**	*816,779*
Contract assets	**103,381**	*74,917*	-	-
Other receivables	**30,319**	*37,720*	**24,086**	*7,890*
Prepayments	**6,530**	*5,319*	**111**	*591*
	473,448	*425,737*	**863,067**	*825,260*
Corporation tax recoverable	**3,295**	-	**4,970**	*1,336*
	483,852	*431,865*	**868,037**	*826,596*

Contract assets are shown separately above in accordance with IFRS15.

19. Trade and other receivables and financial assets (continued)

Impaired trade receivables

The Group has recognised a provision for bad and doubtful debts, as at 31 December 2020. Trade receivables with an initial carrying value of £3,552,000 (2019: £1,567,000) were impaired and fully provided for. Management consider that these balances are impaired using the expected lifetime model under IFRS 9. The expected credit rate loss percentage is an average rate, with different expected losses for different customer categories.

The following table shows the movement in expected credit losses that has been recognised in trade and other receivables in accordance with the simplified approach set out in IFRS 9:

	2020 £000	*2019 £000*
At 1 January	**1,567**	*1,740*
Increase in expected credit losses	**2,375**	*938*
Trade receivables written off during the year as uncollectable	**(390)**	*(1,111)*
At 31 December	**3,552**	*1,567*

As at 31 December, the ageing analysis of trade receivables is, as follows:

	Total	Neither past due nor impaired	Past due but not impaired				
			< 30 days	30-60 days	61-90 days	91-120 days	>120 days
	£000	£000	£000	£000	£000	£000	£000
2020	**100,757**	**80,274**	**14,644**	**2,583**	**1,407**	**824**	**1,025**
Expected credit loss rate %	**3.4%**	**3.4%**	**3.4%**	**3.4%**	**3.4%**	**3.4%**	**3.4%**
Lifetime expected credit losses	**3,552**	**2,830**	**516**	**91**	**50**	**29**	**36**
2019	*102,065*	*77,939*	*14,776*	*3,781*	*1,603*	*1,068*	*2,898*

Amounts owed by participating interests:

Amounts owed by participating interests include loans with gross values of £4,066,000 (2019 - £3,652,000) to Northumberland Energy Recovery Holdings Limited, £14,975,000 (2019 - £15,530,000) to South Tyne &, Wear Energy Recovery Holdings Limited, £40,452,000 (2019 - £37,213,000) to Merseyside Energy Recovery Holdings Limited, £23,103,000 (2019 - £23,475,000) to West London Energy Recovery Holdings Limited and £11,202,000 (2019 - £10,704,000) to Cornwall Energy Recovery Holdings Limited. These balances accrue interest at between 8.5% and 11% per annum, the timing of the repayment is at the discretion of the associate but before the end of the associate's underlying project agreement.

These loans are recognised net of the Group's share of any total comprehensive losses, above the Group investment in the associates. At the 31 December 2020 the loans carrying values were £4,058,000 (2019 - £3,652,000), £nil (2019 - £nil), £2,465,000 (2019 - £6,215,000), £9,645,000 (2019 - £12,728,000) and £9,815,000 (2019 - £10,184,000) respectively.

19. Trade and other receivables and financial assets *(continued)*

Amounts owed by Group undertakings:

Amounts owed to the Company by Group undertakings due after more than one year related to two separate loans £127,073,000 (2019 - £110,325,000) and £122,598,000 (2019 - £130,444,000) which accrue interest at between 5.91% - 11% and 7.97%. These amounts are repayable over 6 and 18 years starting from 31st December 2017 and 31st May 2018.

Amounts owed to the Company by Group undertakings due within one year where the other party is a trading entity accrue interest at 0.75% and are repayable on demand.

20. Cash and cash equivalents

	2020	*2019*
	£000	*£000*
Group		
Cash at bank	**19,175**	*12,522*
Petty cash	**19**	*9*
Total	**19,194**	*12,531*

	2020	*2019*
	£000	*£000*
Company		
Cash at bank	**14,177**	*11,136*

21. Current liabilities

	Group		Company	
	2020 £000	*2019 £000*	**2020 £000**	*2019 £000*
Interest bearing loans and borrowings				
Loans from group undertakings	**24,596**	*23,327*	**24,596**	*23,327*
Lease liability	**9,852**	*11,234*	-	-
Redeemable preference shares	**1,193**	*1,193*	-	-
	35,641	*35,754*	**24,596**	*23,327*
Trade and other payables				
Trade payables	**23,929**	*41,539*	**22,805**	*39,386*
Amounts owed to group undertakings	**150,109**	*99,083*	**934,714**	*863,615*
Other taxation and social security (see below)	**29,990**	*23,582*	**27,009**	*21,448*
Other liabilities	**15,331**	*4,008*	**3,404**	*2,978*
Contract liability	**12,390**	*17,530*	-	-
Accruals	**108,841**	*105,483*	**67,212**	*60,735*
	340,590	*291,225*	**1,055,144**	*988,162*
Corporation tax payable	-	*1,218*	-	-

22. Non-current liabilities (excluding other provisions and defined benefit pension scheme liability)

	Group		Company	
	2020 £000	*2019 £000*	**2020 £000**	*2019 £000*
Interest bearing loans and borrowings				
Lease liability	**39,660**	*48,275*	-	-
Loans from group undertakings	**204,720**	*229,316*	**204,720**	*229,316*
	244,380	*277,591*	**204,720**	*229,316*
Other non-current financial liabilities				
Derivative Financial instruments	-	*7*	-	-
	-	*7*	-	-

Loans from group undertakings include three separate loans of £68,872,000, £130,444,000 and £30,000,000 owed to SUEZ SA (2019 - £84,950,000, £137,693,000 and £30,000,000). These amounts incur interest at 4.97%, 7.97% and 9%, they are repayable over 5, 15 and 19 years.

23. Leases

The Group has lease contracts for various properties, items of plant and machinery and motor vehicles.

	Group		Company	
Lease liabilities are due as follows:				
	2020 £000	*2019 £000*	**2020 £000**	*2019 £000*
Not later than one year	**9,852**	*11,234*	-	-
After one year but not more than five	**23,066**	*27,848*	-	-
Later than five years	**16,594**	*20,426*	-	-
	49,512	*59,508*	-	-

Contractual undiscounted cash flows are due as follows:				
	2020 £000	*2019 £000*	**2020 £000**	*2019 £000*
Not later than one year	**11,211**	*12,745*	-	-
After one year but not more than five	**24,775**	*30,586*	-	-
Later than five years	**22,834**	*24,619*	-	-
	58,820	*67,950*	-	-

The total cash outflow in 2020 was £12,553,000 (2019: £13,678,000)

The following amounts in respect of leases, where the Company is a lessee, have been recognised in profit or loss:

	Group 2020 £000	**Company 2020 £000**
Interest expense on lease liabilities	**(1,035)**	-
Expenses relating to short-term leases	**(11,112)**	-
Expenses relating to leases of low-value assets, excluding short-term leases of low-value assets	**(501)**	-
Income from subletting of leasehold property	100	

24. Deferred tax

	Group		Company	
	2020	*2019*	**2020**	*2019*
	£000	*£000*	**£000**	*£000*
Asset/(liability)/ at beginning of year	**(9,029)**	*(9,416)*	**560**	*847*
Through profit and loss	**4,257**	*(337)*	**(147)**	*(215)*
Through other comprehensive income	**1,880**	*724*	**64**	*(72)*
At end of year	**(2,892)**	*(9,029)*	**477**	*560*

The deferred tax (liability)/asset is made up as follows:

	Group		Company	
	2020	*2019*	**2020**	*2019*
	£000	*£000*	**£000**	*£000*
Accelerated capital allowances	**(10,631)**	*(13,103)*	**751**	*1,119*
Other timing differences	**7,739**	*4,074*	**(274)**	*(559)*
	(2,892)	*(9,029)*	**477**	*560*
Movements in deferred tax:				
Profit and loss				
Accelerated capital allowances	**2,472**	*(433)*	**(368)**	*(218)*
Other timing differences	**1,785**	*96*	**221**	*3*
Other comprehensive income				
Other timing differences	**1,880**	*724*	**64**	*(72)*
	6,137	*387*	**(83)**	*(287)*

The deferred tax assets of the Company are considered to be recoverable based on the future taxable profits of the Company. The directors have considered the business plans of the Company in determining that these amounts are recoverable. The expectation is that the group will make a taxable profit in the future and the deferred tax will be recovered via group relief.

25. Financial instruments

(a) Fair values of financial instruments

Trade and other receivables
The fair value of trade and other receivables, excluding the service concession financial asset, is estimated as the present value of future cash flows, discounted at the market rate of interest at the balance sheet date if the effect is material, less any impairment.

Trade and other payables
The fair value of trade and other payables is estimated as the present value of future cash flows, discounted at the market rate of interest at the balance sheet date if the effect is material.

Service concession financial asset
The fair value of service concession financial assets is estimated as the present value of future cash flows, discounted at the market rate of interest at the balance sheet date if the effect is material.

Cash and cash equivalents
The fair value of cash and cash equivalents is estimated as its carrying amount where the cash is repayable on demand. Where it is not repayable on demand then the fair value is estimated at the present value of future cash flows, discounted at the market rate of interest at the balance sheet date.

Interest-bearing borrowings
Fair value is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the balance sheet date.

Derivative financial instruments

Interest rate swaps
The Group has entered into interest rate swaps to hedge against volatility of movements in interest rates. These have been designated as cash flow hedges.
The fair value of the interest rate swap is based on a mark-to-market valuation. This quote is tested for reasonableness by discounting estimated future cash flows based on the terms and maturity of each contract and using market interest rates for a similar instrument at the measurement date. The interest rates used to discount estimated cash flows, where applicable, are based on one month and six month LIBOR yield curves at the balance sheet date.

Foreign exchange contracts

The Group has entered into foreign exchange contracts to hedge against volatility of movements in exchange rates relating to construction payments in a subsidiary company. These have been designated as cash flow hedges.
The fair value of the foreign exchange contract is based on mark-to-market valuation.

Risk management is predominately controlled by a central treasury department of the group under policies approved by the Board of Directors. The central treasury department identifies, evaluates and hedges financial risks in close co-operation with the company's operating units.

There were no reclassifications from the cash flow hedge reserve to profit or loss during the period.

The company's hedging policy only allows for effective hedge relationships to be established. Hedge effectiveness is determined at the inception of the hedge relationship, and through periodic prospective effectiveness assessments to ensure that an economic relationship exists between the hedged item and hedging instrument. The company enters into hedge relationships where the critical terms of the hedging instrument match exactly with the terms of the hedged item, and so a qualitative assessment of effectiveness is performed. If changes in circumstances affect the terms of the hedged item such that the critical terms no longer match exactly with the critical terms of the hedging instrument, the company uses the hypothetical derivative method is to assess effectiveness.

Ineffectiveness is recognised on a cash flow hedge where the cumulative change in the designated component value of the hedging instrument exceeds on an absolute basis the change in value of the hedged item attributable to the hedged risk. In hedges of the above foreign currency purchases this may arise if:

- the timing of the transaction changes from what was originally estimated, or
- differences arise between the credit risk inherent within the hedged item and the hedging instrument.

25. Financial instruments (continued)

(a) Fair values of financial instruments (continued)

Fair values

The fair values of all assets and liabilities, split between non-financial and financial instruments and by class; together with their carrying amounts shown in the balance sheet are as follows:

	Group				Company			
	Carrying amount 2020 £000	**Fair value 2020 £000**	*Carrying amount 2019 £000*	*Fair value 2019 £000*	**Carrying amount 2020 £000**	**Fair value 2020 £000**	*Carrying amount 2019 £000*	*Fair value 2019 £000*
Assets								
Non-financial instruments								
Intangible assets and goodwill	**161,525**	**161,525**	*167,290*	*167,290*	-	-	-	-
Tangible assets	**250,620**	**250,620**	*278,741*	*278,741*	**19,070**	**19,070**	*22,157*	*22,157*
Investments	**1,828**	**1,828**	*2,601*	*2,601*	**538,566**	**538,566**	*538,566*	*538,566*
Deferred tax	-	-	-	-	**477**	**477**	*560*	*560*
Inventories	**15,460**	**15,460**	*12,549*	*12,549*	-	-	-	-
Trade and other receivables	**6,530**	**6,530**	*2,893*	*2,893*	**111**	**111**	*591*	*591*
Corporation tax recoverable	**3,295**	**3,295**	-	-	**4,970**	**4,970**	*1,336*	*1,336*
Financial Assets at amortised cost								
Service concession financial asset	**106,823**	**106,823**	*128,199*	*128,199*	-	-	-	-
Other non-current financial assets	-	-	*4,707*	*4,707*	-	-	-	-
Cash and cash equivalents	**19,194**	**19,194**	*12,531*	*12,531*	**14,177**	**14,177**	*11,136*	*11,136*
Trade and other receivables	**541,116**	**541,116**	*498,375*	*498,375*	**1,112,627**	**1,112,627**	*1,065,438*	*1,065,438*
Total assets	**1,106,391**	**1,106,391**	*1,107,886*	*1,107,886*	**1,689,998**	**1,689,998**	*1,639,784*	*1,639,784*

25. Financial instruments (continued)

(a) Fair values of financial instruments (continued)

	Group				Company			
	Carrying amount 2020	**Fair value 2020**	*Carrying amount 2019*	*Fair value 2019*	**Carrying amount 2020**	**Fair value 2020**	*Carrying amount 2019*	*Fair value 2019*
	£000	**£000**	*£000*	*£000*	**£000**	**£000**	*£000*	*£000*
Liabilities								
Non-financial instruments								
Other provisions	**97,829**	**97,829**	*94,104*	*94,104*	-	-	*400*	*400*
Deferred tax	**2,892**	**2,892**	*9,029*	*9,029*	-	-	-	-
Defined benefit pension scheme (asset)/ liability	**19,499**	**19,499**	*13,639*	*13,639*	**(2,940)**	**(2,940)**	*(3,306)*	*(3,306)*
Corporation tax payable	-	-	*1,218*	*1,218*	-	-	-	-
Financial Liabilities at amortised cost								
Bank loans and overdraft	-	-	-	-	-	-	-	-
Loans from group undertakings	**229,316**	**229,316**	*252,643*	*252,643*	**229,316**	**229,316**	*252,643*	*252,643*
Lease liability	**49,512**	**49,512**	*59,509*	*59,509*	-	-	-	-
Trade and other payables	**341,783**	**341,783**	*292,418*	*292,418*	**1,055,144**	**1,055,144**	*988,162*	*988,162*
Derivatives designated as hedging instruments								
Interest rate swap	-	-	*7*	*7*	-	-	-	-
Total Liabilities	**740,831**	**740,831**	*722,567*	*722,567*	**1,281,520**	**1,281,520**	*1,237,899*	*1,237,899*
Total net assets as per statement of financial position	**365,560**	**365,560**	*385,319*	*385,319*	**408,478**	**408,478**	*401,885*	*401,885*

25. Financial instruments (continued)

***(a) Fair values of financial instruments** (continued)*

Fair value hierarchy

The table below analyses financial instruments measured at fair value, into a fair value hierarchy based on the valuation technique used to determine fair value.

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities

Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices)

Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

	Level 1 £000	Level 2 £000	Level 3 £000	Total £000
2020				
Derivatives designated as hedging instruments	-	-	-	-
	-	-	-	-
2019				
Derivatives designated as hedging instruments	-	*(7)*	-	*(7)*
	-	*(7)*	-	*(7)*

The fair value of derivatives designated as hedging instruments is based on valuations of the instrument providers.

(b) Credit risk

Financial risk management

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables from customers.

Group policies are aimed at minimising such losses, and require that deferred terms are only granted to customers who demonstrate an appropriate payment history and satisfy credit worthiness procedures. Debt to non-authority customers is also protected through credit insurance.

Financial assets that are neither past due nor impaired relate to customers who have demonstrated an appropriate payment history and satisfied credit worthiness procedures.

Exposure to credit risk
The carrying amount of financial assets represents the Group's maximum credit exposure. Therefore the maximum exposure to credit risk at the balance sheet date was £667,133,000 being the total of the carrying amount of the financial assets at amortised cost shown in the table shown in (a). This exposure is all in the UK.

The Company is not subject to credit risk from external parties, with all of its receivables relating to balances with fellow Group companies.

(c) Liquidity risk

Financial risk management

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due.

The SUEZ R&R UK Group, along with its ultimate parent company SUEZ SA, has considerable financial resources together with long-term contracts with a number of customers across different geographic areas and within different sectors of the recycling industry. The directors have reviewed the Group's cashflow forecasts. These forecasts demonstrate that the Group expects to meet its liabilities as they fall due.

25. Financial instruments (continued)

(c) Liquidity risk (continued)

The following are the contractual maturities of financial liabilities, including estimated interest payments and excluding the effect of netting agreements:

Group

	2020						*2019*					
	Carrying amount 2020	Contract-ual cash flows	1 year or less	1 to <2years	2 to <5years	5years and over	Carrying amount 2019	Contract-ual cash flows	1 year or less	1 to <2years	2 to <5years	5years and over
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
Non-derivative financial liabilities												
Loans from group undertakings	**229,316**	**265,603**	**35,037**	**38,788**	**68,158**	**123,620**	*252,643*	*343,282*	*35,833*	*36,587*	*112,241*	*158,621*
Lease Liability	**49,512**	**58,820**	**11,211**	**11,211**	**13,564**	**22,834**	*59,508*	*67,668*	*12,671*	*10,564*	*22,696*	*21,737*
Trade and other payables	**341,831**	**341,831**	**341,831**	**-**	**-**	**-**	*292,418*	*292,418*	*292,418*	-	-	-
Derivative financial liabilities												
Interest rate swaps used for hedging	**-**	**-**	**-**	**-**	**-**	**-**	*7*	*7*	*7*	-	-	-
	620,659	**666,254**	**388,079**	**49,999**	**81,722**	**146,454**	*604,576*	*703,375*	*340,929*	*47,151*	*134,937*	*180,358*

25. Financial instruments (continued)

(c) Liquidity risk (continued)

Company

	2020						*2019*					
	Carrying amount 2020	Contract-ual cash flows	1 year or less	1 to <2years	2 to <5years	5years and over	*Carrying amount 2019*	*Contract-ual cash flows*	*1 year or less*	*1 to <2years*	*2 to <5years*	*5years and over*
	£000	£000	£000	£000	£000	£000	*£000*	*£000*	*£000*	*£000*	*£000*	*£000*
Non-derivative financial liabilities												
Loans from group undertakings	**229,316**	**265,603**	**35,037**	**38,788**	**68,158**	**123,620**	*252,643*	*343,282*	*35,833*	*36,587*	*112,241*	*158,621*
Trade and other payables	**1,055,144**	**1,055,144**	**1,055,144**	**-**	**-**	**-**	*988,162*	*988,162*	*988,162*	*-*	*-*	*-*
	1,284,460	**1,320,747**	**1,090,181**	**38,788**	**68,158**	**123,620**	*1,240,805*	*1,331,444*	*1,023,995*	*36,587*	*112,241*	*158,621*

25. Financial instruments (continued)

(d) Cash flow hedges

The following table indicates the periods in which the cash flows associated with cash flow hedging instruments are expected to occur:

	2020						*2019*					
	Carrying amount 2020	Expected cash flows	1 year or less	1 to <2years	2 to <5years	5years and over	*Carrying amount 2019*	*Expected cash flows*	*1 year or less*	*1 to <2years*	*2 to <5years*	*5years and over*
	£000	£000	£000	£000	£000	£000	*£000*	*£000*	*£000*	*£000*	*£000*	*£000*
Interest rate swaps												
Liabilities	-	-	-	-	-	-	7	7	7	-	-	-
	-	-	-	-	-	-	7	7	7	7	-	-

All movements in fair value of cash flow hedges, in the current and prior year, have been deemed to be effective and recognised in other comprehensive income. Therefore no ineffectiveness has been recognised in profit or loss in both years.

25. Financial instruments (continued)

(e) Market risk

Financial risk management

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates will affect the Group's income or the value of its holdings of financial instruments. The Group manages interest rate risk by having swapped its variable rate debt into a fixed rate agreement and manages foreign exchange risk by entering into certain foreign exchange forward contracts.

Interest rate risk

The treasury risk management policy within the associates is to hedge 100% of the variable rate borrowings. At 31 December 2020 100% of the associate variable rate borrowings were hedged.

All material hedging instruments are within associate companies and therefore are not recognised as separate financial instruments on the consolidated statement of financial position. they do however impact the Investments in associates and joint ventures line along with Trade and other receivables where the loans to associate companies are included in the net investment. The impact of our share of the associate hedging instruments on the statement of financial position as at 31 December 2020 is, as follows:

	Notional Amount	Carrying Amount	Line items in the statement of financial position	Change in fair value
	£000	£000		£000
Interest rate swaps	(164,802)	(78,295)	Investments in associates and joint ventures and Trade and other receivables	6,482

Ineffectiveness recognised in the Groups share of the results was immaterial.

The impact of the hedging on equity can be seen in the Consolidated Statement of Changes in Equity on page 20.

Exchange rate risk

In the prior year the Group had entered into a forward exchange contract to avoid volatility in costs of capital expenditure relating to one of its subsidiary entities. This agreement constituted a cash flow hedge. With exception to this capital expenditure, the group do not have any other material exposure to exchange rate risk.

The Company is not exposed to such interest rate or exchange rate risks.

25. Financial instruments (continued)

Market risk – Interest rate risk

Profile

At the balance sheet date the interest rate profile of the Group's interest-bearing financial instruments was

	2020 £000	*2019 £000*
Fixed rate instruments		
Financial liabilities	**(229,316)**	*(252,643)*
	(229,316)	*(252,643)*

Sensitivity analysis

At 31 December 2020 there are no variable rate instruments.

(f) Capital management

The Group and Company manages its cash, bank loans and equity as capital. The Group and Company's principal objective is to ensure that there is sufficient capital to fund operations and fulfil obligations.

Capital requirements and timings are monitored by the Group and Company management though regular reviews of rolling cashflow forecasts. The Group has the support of its ultimate parent company SUEZ SA, in the form of a rolling credit facility that the Group and Company can draw down on as required.

26. Provisions

Group	Maintenance provision £000	Other provisions £000	Site restoration and maintenance £000	Total £000
At 1 January 2020	**34,030**	**4,326**	**55,748**	**94,104**
Additions	**18,141**	**90**	**840**	**19,071**
Amounts used	**(13,670)**	**(2,037)**	**(5,007)**	**(20,714)**
Movement on discount	**-**	**-**	**5,368**	**5,368**
At 31 December 2020	**38,501**	**2,379**	**56,949**	**97,829**

Maintenance provision

Provision has been made for the costs of maintaining and replacing assets as required under the terms of contracts in place with Local Authorities. The Group expects for these costs to be incurred for more than 15 years.

26. Provisions (continued)

Other provisions

Provision has been made for anticipated losses on a small number of loss making contracts held by the Group, as well as for other potential litigation against the Group. The Group expects for these costs to be incurred over the next year. Other provisions also includes provision for long-term loyalty bonuses due to senior staff. This provision is expected to be utilised between 1 and 3 years.

Site restoration and maintenance

The Group provides for closure and post-closure costs as permitted airspace in landfill sites is used. Full provision has also been made for the Group's minimum unavoidable costs in relation to landfill site restoration and maintenance. The Group expects for these costs to be incurred over the next 60 years.

Company	Other provisions £000
At 1 January 2020	**400**
Additions	**36**
Amounts used	**(436)**
At 31 December 2020	**-**

Other provisions

Provision has been made for long-term loyalty bonuses due to senior staff. The company expects for this to be utilised between one and three years.

27. Share capital

	2020 £000	*2019 £000*
Allotted, called up and fully paid		
679,528,758- ordinary shares of £0.55 each	**373,741**	*373,741*

These shares carry no right to fixed income or have any preferences or restrictions attached to them.

28. Nature and purpose of other reserves

Share premium account
A non-distributable reserve where the premium paid for new shares above their nominal value is recognised.

Capital redemption reserve
The capital redemption reserve is a non-distributable reserve into which amounts are transferred following the redemption or purchase of the Group's own shares.

Hedging Reserve
The hedging reserves relate to the use of hedge accounting as detailed in accounting policy 2.11.

Other reserves
The other reserves is a non-distributable merger relief reserve relating to historic business combinations where merger relief was applied.

Retained earnings
The profit and loss account is a distributable reserve made up of retained earnings.

29. Contingent liabilities

The Group has provided unsecured guarantees to third parties in respect of performance bonds. At 31 December 2020 guarantees outstanding amounted to £195,954,000 *(2019 - £128,031,000)*. These bonds are due to expire between 18 January 2020 and 31 December 2049.

At the 31 December 2020 the Group have contingent liabilities of £36,000,000 *(2019 - £45,223,000)* as a result of a number of put or pay contracts held.

Joint venture undertakings also have guarantees outstanding at the year-end relating to performance bonds of £3,673,000 *(2018- £3,696,000)*.

No liabilities are expected to arise from these contingent liabilities.

The Company has provided unsecured guarantees to third parties in respect of performance bonds. At 31 December 2020 guarantees outstanding amounted to £3,826,000 *(2019 - £3,826,000)*. These bonds are due to expire 30 September 2021.

30. Capital commitments

At 31 December 2020 the Group and Company had capital commitments as follows:

	Group		Company	
	2020	*2019*	**2020**	*2019*
	£000	*£000*	**£000**	*£000*
Contracted for but not provided in these financial statements	**26,794**	**15,992**	**-**	-

Included in capital commitments at 31 December 2020 is £2,987,000 in relation to the construction of an EcoPark development in Surrey *(2019 - £9,567,000)*.

At the 31 December 2020 the Group share of capital commitment within associates were as follows:

Cornwall Energy Recovery Limited – £1,300,000 *(2019 - £1,600,000)*

31. Pension commitments

Group

Defined contribution pension schemes:

The Group operates a defined contribution pension scheme, the assets of which are held separately from those of the Group in an independently administered fund.

The pension cost charge represents contributions payable by the Group to the fund and amounted to £13,153,000 *(2019 - £12,046,000)*.

31. Pension commitments (continued)

Defined benefit schemes:

The Group operates the following defined benefit pension schemes:

SUEZ Final Salary Pension Scheme
SUEZ Contract Services Limited Retirement Benefits Scheme
SUEZ (GB) Limited (Charnwood) Retirement Benefits Scheme
The SUEZ Section of the Citrus Plan
BFI Group Pension Scheme
LWS Pension Scheme
Hemmings Group Holdings Limited and Associated or Subsidiary Companies Pension Scheme

The Schemes offer both pensions in retirement and death benefits to members. All the Schemes are closed to new members.

The information presented below has been made for the total of these balances. The Schemes are administered by Trustees and the assets are held separately to the legal entity that is the Group.

The Trustee board of the Schemes is composed of employer and member nominated Trustees (where the legal minimum proportion of member nominated Trustees has been upheld). The Trustees are required by law to act in the best interests of the members of the Scheme. The Trustees are responsible for the investment policy with regard to the assets of the Schemes.

The Group considers two measures of the Schemes surplus or deficit. The accounting position is shown on the Group balance sheet. The funding position, calculated at the triennial actuarial assessment, is used to agree contributions to the Schemes. The two measures will vary because they are for different purposes, and are calculated at different rates and in different ways. The key calculation difference is that the funding position considers the expected returns of Scheme assets when calculating the Schemes liability, whereas the accounting position under IAS 19 discounts liabilities based on corporate bond yields.

The amounts in the financial statements for the year ended 31 December 2020, relating to pensions, are based on the most recent actuarial valuations for each scheme updated by Deloitte to take account of IAS19 in order to assess the liabilities of the scheme at 31 December 2018 and 5 April 2019.

The Schemes expose the Group to actuarial risks such as market (investment) risk, interest rate risk, inflation risk currency risk and longevity risk.

Investment risk
The present values of the Schemes' liabilities are calculated using a discount rate determined by reference to yields available on high quality AA rated corporate bond yields; in other words, from the position of being fully funded then if the return on the Schemes' assets were below this rate, it would create a deficit in the Schemes.

Interest risk
A decrease in the corporate bond yield will increase the Schemes' liabilities; however, this will be partially offset by an increase in the value on the Schemes' corporate bond assets.

Longevity risk
The present value of the Schemes liabilities are calculated by reference to the best estimate of the mortality of the Schemes' members both during and after their employment. An increase in the life expectancy of the Schemes' members will increase the Schemes' liabilities.

Inflation risk
The present value of the Schemes' liabilities are calculated by reference to the future expected pension indexation (both indexation in deferment and pension increases in payment), which will depend on future inflation expectations. As such, an increase in the expectation of future inflation will increase the Schemes' liabilities.

31. Pension commitments (continued)

Scheme assets are stated at their market values at the respective balance sheet dates and overall expected rates of return are established by the directors following discussions with the Group's actuaries. The liabilities in the scheme are measured on an actuarial basis using the projected unit method.

The amounts recognised in the balance sheet are as follows:

	Assets 2020 £000	**Liabilities 2020 £000**	*Assets 2019 £000*	*Liabilities 2019 £000*
Fair value of scheme assets	18,348	100,079	*16,925*	*94,088*
Present value of obligations	(15,408)	(122,518)	*(13,619)*	*(111,033)*
Asset/ (liability)	**2,940**	**(22,439)**	*3,306*	*(16,945)*

The pension scheme assets do not include any ordinary shares issued by SUEZ Recycling and Recovery Holdings UK Ltd or any property occupied by SUEZ Recycling and Recovery Holdings UK Ltd.

The Group's pension scheme assets will be recovered either through a reduction in future contribution rates or as a repayment from the scheme when the last member leaves the scheme.

Changes in provisions and assets for defined benefit pension schemes for the year ended 31 December 2020 and the previous year are as follows:

	Assets £000	**Liabilities £000**	**Total £000**
At 31 December 2018	*2,885*	*(13,483)*	*(10,598)*
Actuarial gains and (losses)	424	(4,682)	(4,258)
Expense for the period	(64)	(1,491)	(1,555)
Employer contributions	61	2,711	2,772
Reclassification	-	-	-
At 31 December 2019	**3,306**	**(16,945)**	**(13,639)**

	Assets £000	**Liabilities £000**	**Total £000**
At 31 December 2019	**3,306**	**(16,945)**	**(13,639)**
Actuarial gains and (losses)	(379)	(6,652)	(7,031)
Expense for the period	(121)	(1,977)	(2,098)
Employer contributions	134	3,135	3,269
Reclassification	-	-	-
At 31 December 2020	**2,940**	**(22,439)**	**(19,499)**

Actuarial gains and losses in the year all relate to changes in financial assumptions.

31. Pension commitments (continued)

The amounts recognised in profit or loss are as follows:

	2020 £000	2019 £000
Current service cost	(1,762)	(861)
Net interest cost	(166)	(694)
Past service cost	(170)	-
Total	(2,098)	(1,555)
Actual return/ (loss) on scheme assets	(7,025)	(4,254)

None of the pension commitments relate to SUEZ Recycling and Recovery Holding UK Limited's joint ventures or associates.

The amounts recognised as other comprehensive gains/losses in the statement of comprehensive income are as follows:

	2020 £000	2019 £000
Actual return less expected return on scheme assets	7,481	6,687
Experience gains and (losses) arising on scheme liabilities	2,418	1,436
Changes in financial assumptions represent value of scheme liabilities	(13,296)	(14,351)
Changes in demographic assumptions represent value of scheme liabilities	(3,628)	1,969
Actuarial loss recognised	(7,025)	(4,258)

Movements in the present value of the defined benefit obligation were as follows:

	2020 £000	2019 £000
Opening defined benefit obligation	124,652	115,091
Current service cost	1,762	861
Interest cost	2,205	3,416
Contributions by scheme participants	234	256
Actuarial gains due to changes in demographic assumptions	3,628	(1,969)
Actuarial losses/(gains) due to changes in financial assumptions	13,296	14,351
Actuarial (gains)/losses due to experience adjustment	(2,418)	(1,436)
Past service costs	170	-
Benefits paid	(5,604)	(5,918)
Closing defined benefit obligation	137,925	124,652

Changes in the fair value of scheme assets were as follows:

	2020 £000	2019 £000
Opening fair value of scheme assets	111,013	104,493
Return on plan assets excluding the amount included in the net interest	2,039	2,722
Actuarial gains/(losses)	7,475	6,688
Contributions by employer	3,269	2,772
Contributions by scheme participants	234	256
Benefits paid	(5,604)	(5,918)
	118,426	111,013

31. Pension commitments (continued)

The cumulative amount of other comprehensive gains and losses recognised was £2,385,000 *(2019 - £9,410,000)*.

The Group expects to contribute £3,302,000 to its defined benefit pension schemes in 2021.

The major categories of scheme assets as a percentage of total scheme assets are as follows:

	2020	**2019**
Equities - quoted	**25%**	**26%**
Bonds - quoted	**68%**	**67%**
Property - quoted	**0%**	**0%**
Cash	**4%**	**3%**
Other	**3%**	**3%**

All pensions assets are held within Europe.

All pension obligations relate to employees United Kingdom.

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

	2020	*2019*	
Discount rate at 31 December	**1.40%**	*2.05%*	*2.*
Future salary increases	**1.00%**	*1.00%*	*1.*
Future pension increases	**2.10%**	*2.15%*	*1.*
Inflation	**2.10%**	*2.15%*	*2.*
Average remaining working life of participating employees	**9 years**	*10 years*	*11*

A half percentage point decrease in the discount rate assumption would lead to an increase in pension liabilities of 10%.

A half percentage point increase in the inflation assumption would lead to an increase in pension liabilities of 7%.

The assumptions used in the valuation and sensitivity analysis above are provided by the Group's actuary and used within the models they provide to the Group.

In calculating the pension liabilities, the directors, upon consultation with the scheme actuary, have used VITA curves with improvements according to CMI 2018 tables (non-peaked) with a 1.5% underpin for most schemes. For the Citrus scheme, the VITA curves have been used with a long cohort.

Company

Defined contribution pension schemes:

The Group operates a defined contribution pension scheme, the assets of which are held separately from those of the Company in an independently administered fund. The pension cost charge represents contributions payable by the Company to the fund and amounted to £3,277,000 *(2019 - £4,163,000)*.

Defined benefit pension schemes:

The Company operates a defined benefit pension scheme: BFI Group Pension Scheme

31. Pension commitments (continued)

Details of the nature of the benefits, governance and valuation method and assumptions used can be found in the Group disclosure above.

The amounts recognised in the balance sheet are as follows:

	Asset 2020 £000	*Asset 2019 £000*
Fair value of scheme assets	18,348	*16,926*
Present value of obligations	(15,409)	*(13,620)*
Asset	**2,939**	*3,306*

Changes in provisions and assets for defined benefit pension schemes for the year ended 31 December 2020 and the previous year are as follows:

	Asset £000
At 31 December 2018	*2,884*
Actuarial gains and losses	*425*
Expense for the period	*(64)*
Employer contributions	*61*
At 31 December 2019	***3,306***

	Asset £000
At 31 December 2019	**3,306**
Actuarial gains and losses	(379)
Expense for the period	(121)
Employer contributions	134
At 31 December 2020	**2,940**

The amounts recognised in profit or loss are as follows:

	2020 £000	*2019 £000*
Current service cost	**(154)**	*(27)*
Net interest (cost)/income	**64**	*(37)*
Past service cost	**(31)**	*-*
Total	**(121)**	*(64)*

31. Pension commitments (continued)

Movements in the present value of the defined benefit obligation were as follows:

	2020 £000	2019 £000
Opening defined benefit obligation	13,620	12,863
Current service cost	154	27
Interest cost	224	483
Contributions by scheme participants	12	12
Actuarial losses/(gains) due to changes in financial assumptions	1,566	1,243
Actuarial gains due to changes in demographic assumptions	464	(207)
Actuarial losses due to experience adjustments	421	88
Past service costs	31	-
Benefits paid	(1,083)	(889)
Closing defined benefit obligation	15,409	13,620

Changes in the fair value of scheme assets were as follows:

	2020 £000	2019 £000
Opening fair value of scheme assets	16,926	15,747
Return on plan assets excluding the amount included in the net interest	288	446
Actuarial gains and (losses)	2,072	1,549
Contributions by employer	134	61
Contributions by scheme participants	12	12
Benefits paid	(1,083)	(889)
	18,349	16,926

The Company expects to contribute £135,000 to its defined benefit pension schemes in 2021.

The major categories of scheme assets as a percentage of total scheme assets and geographical split is not currently available for the scheme.

All pension obligations relate to employees United Kingdom.

The assumptions used in the valuation above are provided by the Company's actuary and used within the models they provide to the Company.

32. Related party transactions

Group:

Under the provisions of IAS 24, the Group is not required to disclose details of related party transactions between Group companies where 100% of the voting rights are held within the Group.
Analysis of the Group's transactions with joint ventures, associates and other related parties are detailed in this note. These are categorised as either sales transactions, purchase transactions or financing transactions.

Sales transactions:

During the year ended 31 December 2020 and the previous year, the Group undertook sales transactions with related parties as below:

	Sales	**Outstanding at year end**	Sales	Outstanding at year end
	2020	**2020**	*2019*	*2019*
	£000	**£000**	*£000*	*£000*
Transactions with associate companies:				
Northumberland Energy Recovery Limited	**19,119**	**1**	*24,462*	*1*
Cornwall Energy Recovery Limited	**23,850**	**24**	*21,500*	*737*
South Tyne & Wear Energy Recovery Limited	**17,053**	**3**	*20,170*	*1*
Merseyside Energy Recovery Limited	**17,467**	**-**	*14,664*	*(2,425)*
West London Energy Recovery Limited	**19,312**	**-**	*19,516*	*57*
Transactions with joint ventures:				
Lidsey Landfill Limited	**157**	**6**	*138*	*95*
Transactions with subsidiaries:				
SUEZ R&R Kirklees Limited	**8,091**	**-**	*7,156*	-

The Group's relationships with Northumberland Energy Recovery Limited, Cornwall Energy Recovery Limited, South Tyne & Wear Energy Recovery Limited, Merseyside Energy Recovery Limited, West London Energy Recovery Limited and Lidsey Landfill Limited are described in note 34 to the accounts.

The Group owns 99.9% of the share capital (81% of share with voting rights) of SUEZ Recycling and Recovery (Kirklees) Limited.

32. Related party transaction (continued)

Purchase transactions:

During the year ended 31 December 2020 and the previous year, the Group undertook purchase transactions with related parties as below:

	Purchases	**Outstanding at year end**	*Purchases*	*Outstanding at year end*
	2020	**2020**	*2019*	*2019*
	£000	**£000**	*£000*	*£000*
Transactions with associate companies:				
Northumberland Energy Recovery Limited	**6,553**	-	*5,952*	-
Cornwall Energy Recovery Limited	**11,216**	-	*7,699*	-
South Tyne & Wear Energy Recovery Limited	**7,863**	-	*8,692*	-
Merseyside Energy Recovery Limited	**6,379**	-	*5,909*	-
West London Energy Recovery Limited	**7,988**	-	*9,591*	-
Transactions with subsidiaries:				
SUEZ R&R Kirklees Limited	**4,004**	-	*3,969*	-

Finance transactions:

During the year ended 31 December 2020 and the previous year, the Group undertook financing transactions with related parties as below:

	Interest receivable/ (payable)	**Loan receivable (payable) at year end**	*Interest receivable/ payable*	*Loan receivable/ (payable) at year end*
	2020	**2020**	*2019*	*2019*
	£000	**£000**	*£000*	*£000*
Transactions with associate companies:				
Northumberland Energy Recovery Limited	**414**	**4,066**	*391*	*3,652*
South Tyne & Wear Energy Recovery Limited	**1,956**	**14,975**	*1,902*	*15,530*
Merseyside Energy Recovery Limited	**3,239**	**40,452**	*2,972*	*37,213*
West London Energy Recovery Limited	**2,129**	**23,103**	*2,172*	*23,475*
Cornwall Energy Recovery Limited	**1,195**	**11,202**	*1,293*	*10,704*
Transactions with subsidiaries:				
SUEZ R&R Kirklees Limited	**196**	**25,198**	*175*	*22,838*

32. Related party transaction (continued)

Transactions with senior personnel:

The Group's key executives were the 7 members of the OpCom *(2019 – 6 members)*

Their compensation was as follows:

	2020	2019
	£000	£000
Salaries	**1,743**	1,407
Other short term benefits	**1,018**	786
Post employment benefits	**201**	237
Share based payments	**89**	28
Total	**3,051**	2,458

Company:

Sales/recharges transactions:

During the year ended 31 December 2020 and the previous year, the Company undertook sales/recharges transactions with related parties as below:

	Sales/ Recharges	**Outstanding at year end**	*Sales/ Recharges*	*Outstanding at year end*
	2020	**2020**	*2019*	*2019*
	£000	**£000**	*£000*	*£000*
Transactions with associate companies:				
Northumberland Energy Recovery Limited	**25**	-	*25*	-
Cornwall Energy Recovery Limited	**253**	-	*23*	-
Merseyside Energy Recovery Limited	**215**	-	*201*	-
West London Energy Recovery Limited	**25**	-	*25*	-
South Tyne & Wear Energy Recovery Limited	**10**	-	*10*	-

Amounts owed to group undertakings:

At the year ended 31 December 2020 the Company was owed £25,198,000 from a subsidiary SUEZ R&R Kirklees Limited (2019: £22,838,000) on which interest of £196,000 was received in 2020 (2019: £175,000).

33. Controlling party

At the year end the Company's immediate parent undertaking was SUEZ Recycling and Recovery UK Group Holdings Limited, a company incorporated in England & Wales. The Company is a subsidiary of SUEZ SA, a company incorporated in France. The ultimate parent company at 31 December 2020 is SUEZ SA. The largest group of which SUEZ Recycling and Recovery Holdings UK Ltd is a member and for which group financial statements are drawn up is that headed by SUEZ SA, whose consolidated financial statements are available from Tour CB21, 16 Plas de L'Iris, 92040 Paris la Defense Cedex, France. In the directors' opinion, the Company's ultimate controlling party is SUEZ SA.

34. Subsidiaries, joint ventures and associates

a. Subsidiaries

Company name	Country	Percentage Shareholding	Description
SUEZ Recycling and Recovery UK LTD **	England & Wales	100	Municipal services and waste disposal
Binn Landfill (Glenfarg) Limited	Scotland	100	Landfill site operator
Group Fabricom Limited***	England & Wales	100	Holding company
Midland Land Reclamation Limited	England & Wales	100	Landfill site operator
Northumberland Waste Management Limited	England & Wales	100	Landfill site operator
Shropshire Waste Management Limited	England & Wales	100	Landfill site operator
SUEZ UK Environment Ltd **	England & Wales	100	Landfill site operator
SUEZ Recycling and Recovery Kirklees Ltd	England & Wales	100	Waste disposal and electricity generation
SUEZ Recycling and Recovery Lancashire Ltd	England & Wales	100	Waste disposal and landfill site operator
SUEZ Recycling and Recovery North East Ltd **	England & Wales	100	Waste disposal and landfill site operator
SHUKCO 346 LTD **	England & Wales	100	Landfill site operator
SHUKCO 347 LTD	England & Wales	100	Waste disposal
SUEZ Recycling and Recovery South Gloucestershire Ltd	England & Wales	100	Municipal services
SHUKCO 348 LTD	England & Wales	100	Landfill site operator
SUEZ Recycling and Recovery Tees Valley Ltd	England & Wales	100	Waste disposal and electricity generation
SUEZ Recycling and Recovery Isle Of Man Ltd *	Isle of Man	100	Energy-from-waste plant operator
SUEZ Recycling and Recovery Surrey Ltd	England & Wales	100	Waste disposal
Tyne Waste Limited	England & Wales	100	Waste disposal and landfill site operator
Cliffeville Limited	England & Wales	100	Landfill site operator
SUEZ Recycling and Recovery Northern Ireland Ltd **	Northern Ireland	100	Municipal services and waste disposal
SUEZ Recycling and Recovery Suffolk Ltd *	England & Wales	100	Energy from waste plant
London Recycling & Renewable Energy Ltd	England & Wales	100	Property holding Company
SHUKCO LTD***	England & Wales	100	Holding Company

34. Subsidiaries, joint ventures and associates (continued)

a. Subsidiaries (continued)

Company name	Country	Percentage Shareholding	Description
SHUKCO 327 LTD***	England & Wales	100	Holding Company
SHUKCO 340 LTD***	England & Wales	100	Holding Company
SHUKCO 320 Limited **	England & Wales	100	Holding Company
A & J Bull Limited	England & Wales	100	Dormant
Attwoods Israeli Investments Limited	England & Wales	100	Dormant
Attwoods Limited	England & Wales	100	Dormant
Dorset Waste Management Limited	England & Wales	100	Dormant
SUEZ Recycling and Recovery Alternative Fuels Ltd	England & Wales	100	Dormant
Gulvain Energy Limited	Scotland	100	Dormant
Gurteens Limited	England & Wales	100	Dormant
Hemmings Waste Management Limited***	England & Wales	100	Dormant
LWS Collection Services Limited	England & Wales	100	Dormant
Nene Valley Waste Limited	England & Wales	100	Dormant
Ryton Waste Disposal Limited	England & Wales	100	Dormant
SHUKCO 303 Limited	England & Wales	100	Dormant
SHUKCO 323 LTD	England & Wales	100	Dormant
SHUKCO 336 LTD	England & Wales	100	Dormant
SHUKCO 337 LTD	England & Wales	100	Dormant
SHUKCO 338 LTD	England & Wales	100	Dormant
SHUKCO 341 LTD	England & Wales	100	Dormant
SHUKCO 342 LTD	England & Wales	100	Dormant
SHUKCO 343 LTD	England & Wales	100	Dormant
SHUKCO 345 LTD	England & Wales	100	Dormant
SHUKCO 350 LTD	England & Wales	100	Dormant
Sid Knowles Waste Limited	England & Wales	100	Dormant
Attwoods Holdings Limited	England & Wales	100	Dormant
SUEZ UK Limited	England & Wales	100	Dormant
SUEZ Recycling and Recovery UK Pension Plans Trustees Ltd	England & Wales	100	Dormant
Sortwaste Environmental Limited	England & Wales	100	Dormant
United Waste Property Limited	England & Wales	100	Dormant
United Water UK Limited	England & Wales	100	Dormant
Whinney Hill Stone Sales Limited	England & Wales	100	Dormant
Wilson Waste Management Limited	England & Wales	100	Dormant
Wm E Christer (Gravel) Limited	England & Wales	100	Dormant

b. Joint ventures

Company name	Country	Percentage Shareholding	Description
Lidsey Landfill Limited	England & Wales	50	Landfill site operator
NS NORM Limited	England & Wales	50	Nuclear decontamination
Glenfarg Organics Limited	Scotland	50	Waste management services

The group holds 50% of the shares and voting rights of the entities and therefore have recognised and accounted for them as joint ventures.

34. Subsidiaries, joint ventures and associates (continued)

c. Associates

Company name	Country	Percentage Shareholding	Description
Cornwall Energy Recovery Holdings LTD *	England & Wales	33	Holding company
Cornwall Energy Recovery LTD *	England & Wales	33	Waste disposal
Northumberland Energy Recovery Holdings LTD *	England & Wales	42.5	Holding company
Northumberland Energy Recovery LTD *	England & Wales	42.5	Waste disposal
South Tyne & Wear Energy Recovery Holdings Limited *	England & Wales	45	Holding company
South Tyne & Wear Energy Recovery Limited *	England & Wales	45	Waste management
Merseyside Energy Recovery Holdings LTD *	England & Wales	40	Holding company
Merseyside Energy Recovery LTD*	England & Wales	40	Waste management
West London Energy Recovery Holdings LTD *	England & Wales	33	Holding company
West London Energy Recovery LTD *	England & Wales	33	Waste management

All shares held are Ordinary Share Capital (including 'A' and 'B' Ordinary Share Capital) aside from SHUKCO LTD and SUEZ Recycling and Recovery Tees Valley Ltd where both Ordinary Share Capital and Preference Shares are held.

* Company has a 31 March year end as key customer is the local authority and thus it is considered beneficial for the company and the local authority to have co-terminus accounting periods.

** Direct investments of SUEZ R&R Holdings UK Limited. All other investments are indirect investments.

Registered office of all subsidiaries, joint ventures and associates is SUEZ House, Grenfell Road, Maidenhead, Berkshire, SL6 1ES. With exception of:

- Binn Landfill (Glenfarg) Limited - 15 Atholl Crescent, Edinburgh, EH3 8HA.
- Gulvain Energy Limited - 15 Atholl Crescent, Edinburgh, EH3 8HA.
- SUEZ Recycling and Recovery Northern Ireland Ltd - Cleaver Fulton Rankin Solicitor, 50 Bedford Street, Belfast, BT2 7FW.
- Glenfarg Organics Limited - Orchard Bungalow Offices, Binn Farm, Glenfarg, Perthshire, United Kingdom, PH2 9PX.
- SUEZ Recycling and Recovery Isle Of Man Ltd - Isle of Man Energy from Waste Facility, Richmond Hill, Isle of Man, IM4 1JH

*** SUEZ Recycling & Recovery Holdings UK Limited has provided the necessary parental guarantees under Section 479A of the Companies Act 2006, to enable the following companies exemption from audit.

Group Fabricom Limited	01677389
Hemmings Waste Management Limited	00676121
SHUKCO 340 Ltd	03301834
SHUKCO Ltd	01866716
SHUKCO 327 Ltd	03283501

35. Post balance sheet events

Veolia Takeover

Since the balance sheet date SUEZ and Veolia boards have announced that they had reached a final agreement on the details of a takeover which includes SUEZ subsidiaries in the UK, including the Company, forming part of Veolia. The agreement was ratified at the SUEZ Annual General Meeting on 30 June 2021. This has been treated as a non adjusting post balance sheet event.

Key Public Sector Customer, New Development Project

Since the balance sheet date, the two facilities (Facility A and Facility B) of a new development project for a key public sector customer have continued to operate. Facility A has successfully passed performance and reliability tests for which the Independent Certifier has provided the appropriate certificates to confirm. Facility B has also undergone performance and reliability tests, which in the view of the Group's management, based on the data from these tests, were successfully passed and the Independent Certifier is expected to provide the appropriate certificates to confirm in due course.