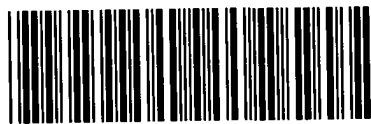


VEOLIA ES CLEANAWAY (UK) LIMITED
STRATEGIC REPORT, DIRECTORS' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018

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VEOLIA ES CLEANAWAY (UK) LIMITED

COMPANY INFORMATION

Directors	David Andrew Gerrard Celia Rosalind Gough
Company secretary	Elaine Margaret Aitken
Registered number	00806128
Registered office	210 Pentonville Road London N1 9JY
Independent auditor	BSG Valentine (UK) LLP Lynton House 7-12 Tavistock Square London WC1H 9BQ

VEOLIA ES CLEANAWAY (UK) LIMITED

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VEOLIA ES CLEANAWAY (UK) LIMITED

STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2018

Introduction

The Directors present their Strategic report for the year ended 31 December 2018.

The principal activity of Veolia ES Cleanaway (UK) Limited ("the Company") is a non-trading entity. The Company did not trade in the year and is not expected to trade in the foreseeable future.

The Company is registered and domiciled in the United Kingdom.

The Company is part of the Veolia Group, ("The Group") which is defined as all companies under the control of the ultimate parent company, Veolia Environnement S.A., headquartered in Paris. The Company is also a member of the "UK&I group", a division of The Group, based in the UK and Ireland and involved in the provision of waste, water and energy services, and directly or indirectly under the ownership of Veolia UK Limited ("VUK").

Business review

The UK&I group is currently going through a process of dissolving a number of its dormant entities, some of which are subsidiaries of the Company. As a result, the Company's profit in the year has been impacted by a charge of £1,167k (2017: £nil) in respect of impairments made against its investments in subsidiaries, as well as a charge of £1,275k (2017: £nil) in respect of loan impairments. In addition, loan waivers totalling £2,412k (2017: £nil) have been received from the Company's subsidiaries, which offset the impairments above resulting in a loss after tax of £30k (2017: £nil).

Principal risks and uncertainties

In common with all businesses, the Company recognises certain risk factors that are both external and internal to the Company. Given the Company is a non-trading entity, the Directors consider the principal risks and uncertainties to which the Company is exposed to be minimal.

The following highlights some of the particular risks, but is not intended to be an extensive analysis of all risks affecting the business. Some risks may be unknown to the Company and other risks, currently regarded as immaterial, could turn out to be material. All of them have a potential to impact the Company's assets, liquidity and capital resources adversely. The Board has approved that the Company manages the majority of these risks by utilising the resources and processes developed and operated within the UK&I group as whole.

Investment risk

The Company is affected by the reliability of its subsidiaries to pay dividends. A subsidiary's risk of not being able to recover its debtor balances will lead to a longer term inability to pay dividends which may result in an impairment of the Company's investment in that subsidiary, having a direct impact on the Company's results in that year and net assets going forward. As these balances are wholly due from Group fellow subsidiaries the Directors consider the Company's exposure to this risk to be acceptable.

Health and safety, quality and environment

The Company has no employees but remains fully committed to respecting the UK&I group's corporate, legal and social responsibilities for health and safety, quality and the environment. It looks to improve its systems and performance with specific year on year targets which are constantly measured.

The UK&I group operates within high risk environments and has a large number of road vehicles. As a result, it has an active risk culture and has implemented a 3 year strategic plan to help keep employees engaged and contribute towards collective safety. This will be achieved through effective leadership, engagement and empowerment and by developing appropriate behaviours. Veolia continues to deliver the 'Think Safe, Work Safe and Home Safe' behavioural safety approach it started in 2016, with 'Think Safe' the focus for 2018. A 'Think Safe' programme has been developed recognising the leadership and behaviours required at different levels of the organisation to support a positive safety culture. This has been supported by 'Think Safe' communications campaigns including Safety Week and the use of talking heads in which our people explain the impact accidents have had on them.

VEOLIA ES CLEANAWAY (UK) LIMITED

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

Principal risks and uncertainties (continued)

Health and safety, quality and environment (continued)

Although not directly related to the Company, tragically there have been three fatalities associated with Veolia operations within the UK, of which two were employees and one a member of the public. These incidents occurred despite safe systems of work being in place. At this time, our investigations are ongoing and we are also fully co-operating with all relevant authorities.

Generally, the UK performed well against the 2018 safety objectives with a 30% reduction in Lost-Time Injuries and Modified Duties and a reduction in days lost by 1500 days compared to 2017. There has also been an increase in Near Miss / Safety Concern reporting showing a 19% increase.

The Respect @ Work training and communication programme that supports employees (and their managers) to respond to incidents of verbal and physical abuse from members of the public continues to be rolled out with a 120% increase in the number of incidents reported in its first 12 months.

The UK&I group and the Company have an open relationship with all regulatory bodies, including the various Environment Agency bodies across the UK. The UK&I group is committed to a sustainable future by protecting and conserving the natural environment, helping customers to gain value by the circular economy and closed loop thinking. By being a manufacturer of green products and energy we help our customers to meet their environmental challenges. Veolia is externally certified to ISO 9001 (Quality), ISO 14001 (Environmental) and ISO 45001 (Health and Safety) and has an 'in house' team of QHSE professionals with broad knowledge and experience of the field that provide the business with support on a day to day basis. The Directors are continuously monitoring the performance and therefore consider the risk associated with health and safety, quality and environment to be acceptable.

Financial risks

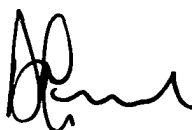
The Company has no direct exposure to external finance risks, but is exposed to counter-party credit risk in terms of its debtor balances. As these balances are wholly due from Group fellow subsidiaries the Directors consider the Company's exposure to this risk to be acceptable.

Other risks

Following the referendum which, despite recent uncertainty, is still expected to result in the UK leaving the European Union, The Group will continue to develop its business in the UK and monitor the effects of the decision in line with The Group statement released in Paris on 24 June 2016: "Veolia will, of course, continue its journey in the UK. That means that we will continue to invest both in terms of financial and human resources to ensure we remain competitive and innovative". Whilst making no formal statements on the subject since, The Group have continued with its plans to manage, develop and support the UK business in line with this statement.

The UK&I group have analysed the potential impact of the various options as to the date and terms of the UK departure from the European Union and are confident that there are plans and contingencies in place to avoid the business being unduly affected. The effect on our employees has been at the forefront of the UK&I group's plans, with the UK&I group continuing to maintain both formal and informal communication with affected employees. The UK&I group continue to monitor developments.

This report was approved by the board on 25 September 2019 and signed on its behalf.



David Andrew Gerrard
Director

VEOLIA ES CLEANAWAY (UK) LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2018

The Directors present their report and the financial statements for the year ended 31 December 2018.

As permitted, certain information regarding the Company, including a review and analysis of the development and performance of the Company's business during the year and a description of the principal risks and uncertainties facing the Company are contained within the Strategic report.

Results and dividends

The loss for the year, after taxation, amounted to £30k (2017: £nil).

There were no dividends paid in the year under review (2017: £nil).

Directors

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

David Andrew Gerrard
Celia Rosalind Gough (appointed 25 July 2018)
Robert Charles Hunt (resigned 24 July 2018)

No director has, or has had, a material interest in the Company, directly or indirectly at any time during the year.

Directors' indemnity

The Directors are entitled to be indemnified by the Company to the extent permitted by law in respect of losses arising out of, or in connection with, the execution of their powers, duties and responsibilities. Veolia Environnement S.A., the Company's ultimate parent company, maintains Directors' and Officers' liability insurance for the Directors in respect of their duties as directors. Such qualifying third party indemnity provision was in place throughout the period and remains in force as at the date of approving the Directors' report. Neither the indemnities nor the insurance provide cover in the event that the Director is proved to have acted fraudulently.

Going concern

The Company's balance sheet is robust with net assets of £52,697k (2017: £52,727k), and at year end reported net current assets of £50,306k (2017: £49,169k).

The Company has short-term loans, repayable on demand, with Group fellow subsidiaries who participate in Group centralised treasury arrangements and so shares banking and intercompany loan arrangements with VUK and other UK based Group fellow subsidiaries. The Directors have therefore received written confirmation from VUK that they will, if required, provide financial support to the Company for the coming year. The Directors have made enquiries and have gained assurance that VUK is in a position to provide this support if needed.

Having taken into account the above, the Directors continue to adopt the going concern basis in the statutory financial statements.

Financial instruments

Financial instruments give rise to foreign currency, interest rate, credit, price and liquidity risk. Information on how these risks arise is set out in the Strategic report.

The Company's borrowings and loans are all denominated in pound sterling and therefore the Company has no foreign currency exposure on its financing. The Company's borrowings are interest-free loans with Group fellow subsidiaries and therefore there is no interest rate risk.

It is, and has been throughout the period under review, the Company's policy that no trading in speculative derivative financial instruments shall be undertaken.

VEOLIA ES CLEANAWAY (UK) LIMITED

DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2018

Disclosure of information to the Auditor

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

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

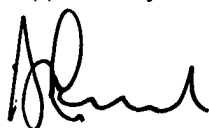
Post balance sheet events

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

Auditor

Under section 487(2) of the Companies Act 2006, BSG Valentine (UK) LLP will be deemed to have been reappointed as auditor 28 days after these financial statements were sent to members or 28 days after the latest date prescribed for filing the accounts with the registrar, whichever is earlier.

This report was approved by the board on 25 September 2019 and signed on its behalf.



David Andrew Gerrard
Director

VEOLIA ES CLEANAWAY (UK) LIMITED

DIRECTORS' RESPONSIBILITIES STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2018

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

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

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

- select suitable accounting policies for the Company's financial statements and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

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

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF VEOLIA ES CLEANAWAY (UK) LIMITED

Opinion

We have audited the financial statements of Veolia ES Cleanaway (UK) Limited (the 'Company') for the year ended 31 December 2018, which comprise the Statement of comprehensive income, the Balance sheet, the Statement of changes in equity and the related notes 1 to 16, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2018 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the Directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF VEOLIA ES CLEANAWAY (UK) LIMITED (CONTINUED)

Opinion on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic report and the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic report and the Directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic report or the Directors' report.

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

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

Responsibilities of directors

As explained more fully in the Directors' responsibilities statement on page 5, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

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

Other matters

The corresponding figures for the year ended 31 December 2017 are unaudited.

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF VEOLIA ES CLEANAWAY (UK) LIMITED (CONTINUED)

Use of our report

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

BSG Valentine (UK) LLP

Gary Allen FCA (Senior statutory auditor)

for and on behalf of

BSG Valentine (UK) LLP

Chartered Accountants & Statutory auditor

Lynton House
7-12 Tavistock Square
London

25 September 2019

VEOLIA ES CLEANAWAY (UK) LIMITED

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2018**

	Note	2018 £000	2017 £000
Impairment of fixed asset investments	8	(1,167)	-
Impairment of loans to Group fellow subsidiaries		(1,275)	-
Loan waivers received from the Company's subsidiaries		2,412	-
Loss before tax		(30)	-
Tax on loss	7	-	-
Loss for the financial year		(30)	-
Other comprehensive income		-	-
Total comprehensive loss for the year		(30)	-

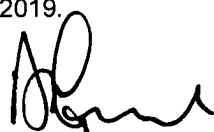
The notes on pages 12 to 20 form part of these financial statements.

VEOLIA ES CLEANAWAY (UK) LIMITED
REGISTERED NUMBER:00806128

BALANCE SHEET
AS AT 31 DECEMBER 2018

	Note	2018 £000	2017 £000
Fixed assets			
Investments	8	2,391	3,558
		<u>2,391</u>	<u>3,558</u>
Current assets			
Debtors: amounts falling due within one year	9	77,597	78,872
		<u>77,597</u>	<u>78,872</u>
Creditors: amounts falling due within one year	10	(27,291)	(29,703)
		<u>50,306</u>	<u>49,169</u>
Net current assets		<u>50,306</u>	<u>49,169</u>
Total assets less current liabilities		<u>52,697</u>	<u>52,727</u>
Net assets		<u>52,697</u>	<u>52,727</u>
Capital and reserves			
Called up share capital	11	89,531	89,531
Share premium account	12	704	704
Capital contribution	12	300	300
Profit and loss account		(37,838)	(37,808)
		<u>52,697</u>	<u>52,727</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 25 September 2019.



David Andrew Gerrard
Director

VEOLIA ES CLEANAWAY (UK) LIMITED

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2018**

	Called up share capital £000	Share premium account £000	Capital redemption reserve £000	Profit and loss account £000	Total equity £000
At 1 January 2017	89,531	704	300	(37,808)	52,727
At 1 January 2018	89,531	704	300	(37,808)	52,727
Comprehensive income for the year					
Loss for the year	-	-	-	(30)	(30)
At 31 December 2018	89,531	704	300	(37,838)	52,697

The notes on pages 12 to 20 form part of these financial statements.

VEOLIA ES CLEANAWAY (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

1. General information

Veolia ES Cleanaway (UK) Limited is a private company limited by shares, incorporated in England and Wales.

2. Accounting policies

2.1 Basis of preparation of financial statements

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

The Company's financial statements are presented in pound sterling and all values are rounded to the nearest thousand pound sterling (£000) except when otherwise indicated.

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

The Company has taken advantage of the exemption under s400 of the Companies Act 2006 not to prepare group accounts as it is a wholly owned subsidiary of Veolia Environnement S.A. (incorporated in France). Copies of the consolidated financial statements of Veolia Environnement S.A. can be obtained from the registered office at 21 rue La Boétie, 75008 Paris, France. These accounts therefore only present the result of the Company as an individual entity.

In addition, the Company is also consolidated in the consolidated financial statements of Veolia Environmental Services (UK) Plc, an intermediate parent undertaking. Copies of the consolidated financial statements for Veolia Environmental Services (UK) Plc are available from the registered office at 210 Pentonville Road, London, N1 9JY.

The following principal accounting policies have been applied:

2.2 FRS 102 reduced disclosure exemptions

The consolidated financial statements of Veolia Environnement S.A. and Veolia Environmental Services (UK) Plc, are prepared in accordance with IFRS and are publicly available, and may be obtained from the addresses above.

The following disclosures have not been provided as permitted by FRS 102:

- The rights and any restrictions of share capital as required by Section 4 Statement of Financial Position paragraph 4.12(a)(iv);
- A cash flow statement and related notes as required by Section 7 Statement of Cash Flows and Section 3 Financial Statement Presentation paragraph 3.17 (d).

VEOLIA ES CLEANAWAY (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

2. Accounting policies (continued)

2.2 FRS 102 reduced disclosure exemptions (continued)

As the consolidated financial statements of Veolia Environnement S.A. and Veolia Environmental Services (UK) Plc include the equivalent disclosures, the Company has also taken the exemptions under FRS 102 available in respect of the following:

- The requirements of Section 11 Financial Instruments paragraphs 11.39 to 11.48A and Section 12 paragraphs 12.26 to 12.29 regarding disclosures in respect of financial instruments and fair value;
- The requirement of Section 33 Related Party Disclosures paragraph 33.7, to disclose key management personnel compensation in total;
- The requirement of Section 33 Related Party Disclosures paragraph 33.1A, to disclose trading transactions with fellow wholly owned subsidiaries.

2.3 Valuation of investments

The Company records its investments at historical cost less impairment. The investments are reviewed regularly for signs of impairment. Should there be evidence of impairment, the quantum of that impairment will be assessed by the use of a discounted cash flow analysis of that investment. Any impairment may be reversed in subsequent years but the revised value of the investment will not exceed its historic cost.

2.4 Financial instruments

The Company only enters into basic financial instruments transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in non-puttable ordinary shares.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at the present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade debtors and creditors, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received. However, if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or financed at a rate of interest that is not a market rate or in case of an outright short-term loan not at market rate, the financial asset or liability is measured initially at the present value of the future cash flow discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost.

Financial assets and liabilities are offset and the net amount reported in the Balance sheet when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Financial assets

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Statement of comprehensive income.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

2. Accounting policies (continued)

2.4 Financial instruments (continued)

Financial assets (continued)

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

Financial liabilities

Financial liabilities within the scope of Chapter 11 of FRS 102 are initially classified as financial liabilities at fair value through profit or loss, loans and borrowings, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. Financial liabilities and equity are classified according to the substance of the financial instrument's contractual obligations, rather than the financial instrument's legal form. All the Company's financial liabilities are designated as loans and borrowings.

Obligations for loans and borrowings are recognised when the Company becomes party to the related contracts and are measured initially at the fair value of consideration received less directly attributable transaction costs.

After initial recognition, interest bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method.

Gains and losses arising on the repurchase, settlement or otherwise cancellation of liabilities are recognised respectively in finance revenue and finance cost.

Derecognition of financial liabilities

A liability is derecognised when the contract that gives rise to it is settled, sold, cancelled or expires.

Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability, such that the difference in the respective carrying amounts together with any costs or fees incurred are recognised in profit or loss.

Loan waivers

Loan waivers received from subsidiaries are treated as dividends in specie and, when declared, are recognised in the profit or loss of the parent entity and directly through equity in the subsidiary's financial statements. Loan waivers received from other Group fellow subsidiaries are treated as capital contributions and recognised directly in equity and the corresponding loan waivers given are recognised in the Statement of comprehensive income to reflect the write-off of the loan.

VEOLIA ES CLEANAWAY (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

2. Accounting policies (continued)

2.5 Foreign currency translation

Functional and presentation currency

The Company's functional and presentational currency is pound sterling.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

2.6 Taxation

Tax is recognised in the Statement of comprehensive income, except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the Balance sheet date in the countries where the Company operates and generates income.

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

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be appropriate under the circumstances, the results of which form the basis of making judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

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

With the exception of the assumptions made in respect to the valuation of its investment holdings, management have not made any material estimates or judgments that may result in a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

4. Auditor's remuneration

Auditor's remuneration of £2k (2017: £nil) was borne by a Group fellow subsidiary.

VEOLIA ES CLEANAWAY (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

5. Staff costs

The Company has no employees other than the Directors, who did not receive any remuneration in either year.

6. Directors' remuneration

The Directors are paid by, and perform services for, other companies within The Group alongside their services to this Company. In 2018, Directors' costs have been apportioned to the principal companies they serve within the UK&I group, however it is considered that their duties as a Director of the Company are purely incidental to their main role and so no allocation has been made to the Company in either year.

7. Taxation

Factors affecting tax charge for the year

The tax assessed for the year is higher than (2017 - the same as) the standard rate of corporation tax in the UK of 19.00% (2017 - 19.25%). The differences are explained below:

	2018 £000	2017 £000
Loss on ordinary activities before tax	(30)	-
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 19.00% (2017 - 19.25%)	(6)	-
Effects of:		
Impairment of fixed asset investments	222	-
Impairment of loans	242	-
Loan waivers received	(458)	-
Total tax charge for the year	-	-

Factors that may affect future tax charges

There were no factors that may affect future tax charges.

VEOLIA ES CLEANAWAY (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

8. Investments

	Investments in subsidiary companies £000
Cost or valuation	
At 1 January 2018	50,631
At 31 December 2018	<u>50,631</u>
Impairment	
At 1 January 2018	47,073
Charge for the period	1,167
At 31 December 2018	<u>48,240</u>
Net book value	
At 31 December 2018	<u><u>2,391</u></u>
At 31 December 2017	<u><u>3,558</u></u>

Two of the Company's subsidiaries, Easibins Limited and Heron Environmental Limited, are currently going through a liquidation process. As a result, the Company has fully impaired both investments in the year, resulting in an impact to the Statement of comprehensive income of £60k and £102k respectively.

Following an impairment review of the remaining investments held, further impairments have been made in the year in respect of G Walker & Son (Waste Disposal) Limited and Veolia ES Serviceteam Holdings Limited, resulting in an impact to the Statement of comprehensive income of £5k and £1,000k respectively.

All the Company's direct holdings in subsidiaries, joint ventures, associates and other significant interests are shown below and are registered at 210 Pentonville Road, London, N1 9JY ("210").

All the Company's indirect holdings in subsidiaries, joint ventures, associates and other significant interests are shown in note 15.

VEOLIA ES CLEANAWAY (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

8. Investments (continued)

8.1. Direct subsidiary undertakings

Name	Registered address	Class of shares	Holding	Principal activity
Easibins Limited	210	Ordinary	100 %	Dormant entity (Voluntary Liquidator appointed during the year)
G Walker & Son (Waste Disposal) Limited	210	Ordinary	100 %	Dormant entity
Heron Environmental Limited	210	Ordinary	100 %	Dormant entity (Voluntary Liquidator appointed during the year)
Veolia ES Clinical (UK) Limited	210	Ordinary	100 %	Dormant entity
Veolia ES Serviceteam Holdings Limited	210	Ordinary	100 %	Dormant entity

9. Debtors: Amounts falling due within one year

	2018 £000	2017 £000
Short-term loans to Group fellow subsidiaries	<u>77,597</u>	<u>78,872</u>

The UK&I group is currently going through a process of dissolving a number of its dormant entities and, as a result, the Company has recognised a charge £1,275k (2017: £nil) in respect of loan impairments, resulting in the decrease in the debtors balance.

10. Creditors: Amounts falling due within one year

	2018 £000	2017 £000
Short-term loans from Group fellow subsidiaries	<u>27,291</u>	<u>29,703</u>

The UK&I group is currently going through a process of dissolving a number of its dormant entities and as a result the Company has received loan waivers from its subsidiaries, totalling £2,412k (2017: £nil), resulting in the decrease in the creditors balance.

VEOLIA ES CLEANAWAY (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

11. Share capital

	2018 £000	2017 £000
Allotted, called up and fully paid		
440,923,140 (2017: 440,923,140) ordinary shares of £0.20 each	88,185	88,185
6,731,406 (2017: 6,731,406) deferred shares of £0.20 each	1,346	1,346
	<u>89,531</u>	<u>89,531</u>

The holders of the deferred shares have no right to dividends or distributions except that on a winding up capital reduction the holders are entitled to repayment of the nominal value but only after the holders of the ordinary shares have received their nominal value plus a further £50,000k.

12. Other reserves

Share premium

This reserve records the amount above the nominal value received for shares sold, less transaction costs.

Capital contribution

The capital contribution reserve arose from the settlement of an employee share-based payment scheme in 2006.

13. Related party transactions

During the year the Company entered into transactions, in the ordinary course of business, with related parties. The Company has taken advantage of the exemption under section 33.1A of FRS 102 not to disclose transactions with fellow wholly owned subsidiaries.

Balances outstanding as at 31 December 2018 with all related parties are disclosed in notes 9 and 10.

There were no trading transactions entered into during the year to 31 December 2018 with other related parties.

14. Post balance sheet events

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

VEOLIA ES CLEANAWAY (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

15. Indirect holdings in subsidiary undertakings and joint ventures

All the Company's indirect holdings in subsidiaries, joint ventures, associates and other significant interests are shown below and are registered at 210 Pentonville Road, London, N1 9JY ("210").

15.1 Subsidiary undertakings

Name	Registered address	Class of shares	Holding	Principal activity
Norwich Serviceteam Limited	210	Ordinary	100 %	Dormant entity (Voluntary Liquidator appointed during the year)
Veolia ES Lambeth Limited	210	Ordinary	100 %	Dormant entity
Veolia ES Serviceteam (UK) Limited	210	Ordinary	100 %	Non-trading entity

16. Immediate parent and controlling party

The immediate parent company is Veolia ES Cleanaway Holdings Limited, a company incorporated in the UK.

Veolia Environmental Services (UK) Plc is an intermediate parent undertaking that prepares consolidated financial statements, including Veolia ES Cleanaway (UK) Limited, that are publicly available. Copies of the consolidated financial statements for Veolia Environmental Services (UK) Plc are available from the registered office at 210 Pentonville Road, London, N1 9JY.

The ultimate parent and controlling company is Veolia Environnement S.A., a company incorporated in France. Consolidated financial statements are prepared by Veolia Environnement S.A. Copies of the consolidated financial statements for Veolia Environnement S.A. are available from the registered office at 21 rue La Boétie, 75008 Paris, France.