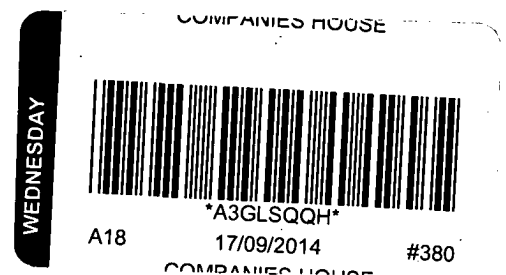


Company Registration No. 00930757

Arnold Waste Disposal Limited

Report and Financial Statements

31 December 2013



Arnold Waste Disposal Limited

Report and financial statements 2013

Officers and professional advisers

Directors

P Taylor
V F Orts-Llopis
A Serrano Minchan

Company Secretary

C Nunn

Registered Office

Ground Floor West
900 Pavilion Drive
Northampton Business Park
Northampton
NN4 7RG

Auditor

Deloitte LLP
2 New Street Square
London
EC4A 3BZ

Arnold Waste Disposal Limited

Directors' report

The Directors of Arnold Waste Disposal Limited (the "Company") present their annual report and the audited financial statements for the year ended 31 December 2013.

Principal activity

The principal activity of the Company during the year was the decommissioning and aftercare of its landfill site.

Directors

The following individuals served as Directors of the Company during the year ended 31 December 2013 and up to the date of this report:

P Taylor

V F Orts-Llopis

A Serrano Minchan

Results and dividends

The results for the Company for the year ended 31 December 2013 are set out on page 7. The loss for the financial year amounted to £175,000 (2012: £39,000 profit). The Company did not pay an interim dividend during the year (2012: £nil) and furthermore, the Directors do not recommend the payment of a final dividend (2012: £nil). The loss (2012: profit) for the financial year has been withdrawn from (2012: transferred to) reserves, resulting in a corresponding increase (2012: decrease) in total shareholders' deficit in the year.

The Company's ultimate UK-domiciled parent company, FCC Environment (UK) Limited ("FCC E UK"), manages its operations on a divisional basis and information regarding key performance indicators is included within the FCC E UK annual report. For this reason, the Company's Directors believe that the disclosure of further key performance indicators for the Company is not appropriate for an understanding of the development, performance or position of the business.

Going concern

The Directors, having assessed the responses of their enquiries to the immediate parent company, FCC E UK, have reviewed projected cash flows and continue to adopt the going concern basis in preparing the Directors' report and financial statements. Full details of the going concern considerations can be found in note 1 of the notes to the financial statements.

Post balance sheet event

On 22 January 2014, Azincourt Investment S.L., the immediate parent company of FCC E UK successfully completed the refinancing of its businesses. As part of the refinancing, FCC E UK has agreed working capital facilities totalling £60million until December 2017. In addition, FCC demonstrated their continued commitment to FCC E UK with and £80million cash injection in return for equity.

Financial risk management

The Company is exposed to financial risk through its financial assets and liabilities. The most important components of financial risk are interest rate risk, credit risk and liquidity risk. Due to the nature of the Company's activities and the assets contained within the Company's balance sheet, the only financial risks the Directors consider relevant to the Company are liquidity and credit risk.

Liquidity and credit risk

The Company's exposure to credit and liquidity risk is reduced as it is a wholly owned subsidiary of FCC E UK and participates in a cash-pooling agreement with FCC E UK and FCC E UK's subsidiary undertakings (together the "Group"). Credit risk arises from the risk of having credit exposures to customers, including outstanding receivables. The Company reviews the credit ratings of all significant customers regularly and continues to monitor the quality of debtor balances on an ongoing basis. Liquidity risk is the risk that the Company does not have sufficient cash resources to meet its commitments. The Company prepares and reviews cash flow forecasts frequently to ensure that it has sufficient resources to meet its cash flow commitments.

Arnold Waste Disposal Limited

Directors' report

Directors' indemnities

During the financial year, qualifying third party indemnity provisions for the benefit of all Directors of the Company were in force and continue to be in force at the date of this report. Such provisions were made by the Company's ultimate parent undertaking, Fomento de Construcciones y Contratas, S.A. ("FCC").

Disclosure of information to the auditor

The Directors who held office at the date of approval of this Directors' report confirms that, so far as they are each aware, there is no relevant audit information of which the Company's auditor is unaware; and each Director has taken all the steps that he ought to have taken as a Director to make himself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of section 418 of the Companies Act 2006 (the "Act").

Auditor

Pursuant to section 487 of the Act, the auditor will be deemed to be reappointed annually by the Company and Deloitte LLP will therefore continue in office until further notice.

Small companies exemption

The Company has taken advantage of the exemptions for small companies set out in s415A of the Act as amended by The Companies Act 2006 (Amendment) (Accounts and Reports) Regulations 2008 (2008/393), {reg. 6(2)}.

Approved by the Board of Directors
and signed on its behalf by:



C Nunn
Company Secretary

10 Sept 2014

Arnold Waste Disposal Limited

Directors' responsibilities statement

The Directors are responsible for preparing the annual 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 United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). 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 judgements and 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; 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 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.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Independent auditor's report to the members of Arnold Waste Disposal Limited

We have audited the financial statements of Arnold Waste Disposal Limited for the year ended 31 December 2013, which comprise of the profit and loss account, the balance sheet and the related notes 1 to 16. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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.

Respective responsibilities of directors and auditor

As explained more fully in the Directors' responsibilities statement, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implication of our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2013 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.

Opinion on matters prescribed by the Companies Act 2006

In our opinion the information in the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Independent auditor's report to the members of Arnold Waste Disposal Limited

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where 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; or
- the directors were not entitled to take advantage of the small companies exemption from preparing a Strategic report or in preparing the Directors' report.



Makhan Chahal (Senior Statutory Auditor)
for and on behalf of Deloitte LLP
Chartered Accountants and Statutory Auditor
London, United Kingdom

11th September 2014

Arnold Waste Disposal Limited

Profit and loss account Year ended 31 December 2013

| | Notes | 2013 £'000 | 2012 £'000 |
|-------------------------------------------------------------|-------|---------------|---------------|
| Operating (costs)/income | | (29) | 191 |
| Operating (loss)/profit | | (29) | 191 |
| Interest payable | 4 | (146) | (152) |
| (Loss)/profit on ordinary activities before taxation | 2 | (175) | 39 |
| Tax on (loss)/profit on ordinary activities | 5 | - | - |
| (Loss)/profit for the financial year | 12 | (175) | 39 |

All results are derived from continuing operations.

There are no recognised gains and losses in either the financial year ended 31 December 2013 or the previous financial year other than as stated in the profit and loss account. Therefore, no separate statement of total recognised gains and losses has been presented.

Arnold Waste Disposal Limited

Balance sheet at 31 December 2013

| | Notes | 2013 £'000 | 2012 £'000 |
|---------------------------------------------------------------------|-------|---------------|---------------|
| Fixed assets | | | |
| Tangible assets | 6 | - | - |
| Current assets | | | |
| Debtors: amounts due within one year | 7 | 2,559 | 2,652 |
| Debtors: amounts due after more than one year | 8 | 7 | 9 |
| Total debtors | | 2,566 | 2,661 |
| Creditors: amounts falling due within one year | 9 | (823) | (823) |
| Net current assets and total assets less current liabilities | | 1,743 | 1,838 |
| Provisions for liabilities | 10 | (2,982) | (2,902) |
| Net liabilities | | (1,239) | (1,064) |
| Capital and reserves | | | |
| Called up share capital | 11 | 237 | 237 |
| Share premium account | 12 | 28 | 28 |
| Profit and loss account | 12 | (1,504) | (1,329) |
| Shareholders' deficit | 13 | (1,239) | (1,064) |

The financial statements of Arnold Waste Disposal Limited, registered number 00930757 were approved by the Board of Directors on **10 SEPT** 2014.

Signed on behalf of the Board of Directors


V F Orts-Llopis
Director

Arnold Waste Disposal Limited

Notes to the financial statements Year ended 31 December 2013

1. Accounting policies

These financial statements are prepared in accordance with applicable United Kingdom accounting standards.

The following accounting policies have been applied consistently in both the current and previous financial year in dealing with items which are considered material in relation to the financial statements.

Accounting convention

The financial statements are prepared under the historical cost convention.

Going concern

At 31 December 2012 the Company had net liabilities of £1,239,000 of which £821,000 is due to fellow subsidiary undertakings. Therefore the Directors, having assessed the responses of their enquiries to the immediate parent company, FCC E UK (and consequently FCC), have reviewed projected cash flows and carefully considered the risks to the Company's trading performance and cash flows and continue to adopt the going concern basis in preparing the Directors' report and financial statements, despite the current uncertain economic outlook.

Cash flow statement

The Company has taken advantage of the exemption, conferred by Financial Reporting Standard 1 (Revised) from presenting a cash flow statement as it is a wholly owned subsidiary in a group which has prepared a consolidated cash flow statement.

Tangible fixed assets

Tangible fixed assets are stated at cost. Depreciation is provided on tangible fixed assets in use at rates calculated to write off the cost less residual value of each asset as follows:

| | |
|---------------------|----------------------------------------------------------------------|
| Landfill sites | - based on the void used in the period as a proportion of total void |
| Plant and machinery | - over 3 to 20 years |

No depreciation is provided for on freehold land.

Expenditure on freehold landfill sites includes engineering costs. Elements of these costs are classified according to their expected economic life and depreciated accordingly in proportion to the rate that waste is deposited. All other assets are depreciated on a straight-line basis.

Decommissioning and aftercare costs

Full provision has been made for the net present value ("NPV") of the Company's minimum unavoidable costs, in respect of decommissioning liabilities at the Company's landfill sites, which has been capitalised in tangible fixed assets. The Company continues to provide for all aftercare costs over the life of its landfill sites, based on the volumes of waste deposited in the year, since liabilities in relation to these costs increase as waste is deposited.

All long-term provisions for decommissioning and aftercare costs are calculated based on the NPV of estimated future costs. Current cost estimates are inflated at 2.5 per cent and discounted at 5 per cent to calculate the NPV. The effects of the unwinding of the discount element on existing provisions are reflected as a financial item.

Arnold Waste Disposal Limited

Notes to the financial statements Year ended 31 December 2013

1. Accounting policies (continued)

Taxation

Current tax, including UK corporation tax and foreign tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the Company's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

A net deferred tax asset is regarded as recoverable and therefore recognised only to the extent that, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is not recognised when fixed assets are revalued unless by the balance sheet date there is a binding agreement to sell the revalued assets and the gain or loss expected to arise on sale has been recognised in the financial statements. Neither is deferred tax recognised when fixed assets are sold and it is more likely than not that the taxable gain will be rolled over, being charged to tax only if and when the replacement assets are sold.

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax is measured on a non-discounted basis.

2. (Loss)/profit on ordinary activities before taxation

| | 2013 £'000 | 2012 £'000 |
|-----------------------------------------------------------------------------------------------------------------------------|---------------|---------------|
| (Loss)/profit on ordinary activities before taxation is after charging/(crediting): | | |
| Increase/(decrease) in environmental provisions on revision of estimate of future costs (included within provisions credit) | 33 | (195) |

Auditor's remuneration in respect of audit fees totalling £1,000 (2012: £1,000) has been met by FCC Recycling (UK) Limited, a fellow subsidiary undertaking of FCC E UK.

3. Information regarding Directors and employees

None of the Directors received any remuneration or other benefits through the Company during the year ended 31 December 2013 or the previous financial year.

They are all remunerated as Directors or employees of FCC E UK for services to the Group as a whole and as such it is not possible to directly attribute any element of their remuneration to services as a director of this company. The Company had no employees during the current or previous financial year.

Arnold Waste Disposal Limited

Notes to the financial statements Year ended 31 December 2013

4. Interest payable

| | 2013 £'000 | 2012 £'000 |
|--------------------------------------|---------------|---------------|
| Interest payable and similar charges | | |
| Unwinding of discount (see note 10) | 146 | 152 |

5. Tax on (loss)/profit on ordinary activities

| | 2013 £'000 | 2012 £'000 |
|--------------------------------------------------------------------------------------------------|---------------|---------------|
| UK corporation tax | | |
| United Kingdom corporation tax at 23.25% (2012: 24.5%) based on (losses)/profits for the year | - | - |
| Total current tax | - | - |
| Deferred tax | | |
| Timing differences, origination and reversal | - | - |
| Tax on (loss)/profit on ordinary activities | - | - |

The total current tax position for both the current and previous year differs from the average standard rate of 23.25% (2012: 24.5%) for the reasons set out in the following reconciliation:

| | 2013 £'000 | 2012 £'000 |
|----------------------------------------------------------------------|---------------|---------------|
| (Loss)/profit on ordinary activities before taxation | (175) | 39 |
| Tax on (loss)/profit on ordinary activities at average standard rate | (41) | 10 |
| Factors affecting (credit)/charge: | | |
| Group relief surrendered/(claimed) | 41 | (10) |
| Total current tax | - | - |

A number of changes to the UK Corporation Tax system were announced in the March 2013 Budget Statement. The Finance Act 2013 enacted on 17 July 2013 included legislation to reduce the main rate of corporation tax from 23% to 21% from 1 April 2014 and a further reduction from 21% to 20% from 1 April 2015.

Arnold Waste Disposal Limited

Notes to the financial statements Year ended 31 December 2013

6. Tangible fixed assets

| | Landfill sites £'000 | Plant and machinery £'000 | Total £'000 |
|------------------------------------------|----------------------------|---------------------------------|----------------|
| Cost | | | |
| At 1 January 2013 and 31 December 2013 | 2,964 | 66 | 3,030 |
| Depreciation | | | |
| At 1 January 2013 and 31 December 2013 | 2,964 | 66 | 3,030 |
| Net book value | | | |
| At 31 December 2013 and 31 December 2012 | - | - | - |

7. Debtors: amounts due within one year

| | 2013 £'000 | 2012 £'000 |
|-------------------------------------------------|---------------|---------------|
| Amounts due from fellow subsidiary undertakings | 2,559 | 2,652 |

8. Debtors: amounts due after more than one year

| | 2013 £'000 | 2012 £'000 |
|--------------------------------------------------|---------------|---------------|
| Amounts prepaid to fellow subsidiary undertaking | 7 | 9 |

9. Creditors: amounts falling due within one year

| | 2013 £'000 | 2012 £'000 |
|------------------------------------------------|---------------|---------------|
| Trade creditors | 2 | 2 |
| Amounts owed to fellow subsidiary undertakings | 821 | 821 |
| | 823 | 823 |

Arnold Waste Disposal Limited

Notes to the financial statements Year ended 31 December 2013

10. Provisions for liabilities

| | Other provisions £'000 | Decomm- issioning £'000 | Landfill aftercare £'000 | Total £'000 |
|-------------------------------------|------------------------------|-------------------------------|--------------------------------|----------------|
| At 1 January 2013 | 6 | 9 | 2,887 | 2,902 |
| Credited to profit and loss account | (1) | (1) | (30) | (32) |
| Unwinding of discount (note 4) | - | - | 146 | 146 |
| Expended in year | - | - | (34) | (34) |
| At 31 December 2013 | 5 | 8 | 2,969 | 2,982 |

The Group provides for the estimated cost of decommissioning its landfill sites at the end of their operational life and for their subsequent aftercare. The aftercare period is generally expected to be 60 years and expenditure will be incurred throughout this 60 year period. These provisions are discounted at a rate of 5% from the date on which the expenditure is expected to occur. These provisions by their nature require a significant degree of estimation and hence there is a degree of uncertainty with regards to the timing and amount of outflows of economic benefit.

Other provisions include the estimated cost of discharging environmental liabilities, including current capping of open landfill areas and the disposal of leachate, which arise during the operational phase of its landfill sites. Capping expenditure occurs as landfill cells are completed, whilst expenditure on the disposal of leachate occurs throughout the lifecycle of a landfill site.

Deferred taxation

| | Unprovided 2013 £'000 | 2012 £'000 |
|----------------------------------------------|-----------------------------|---------------|
| Depreciation in excess of capital allowances | (1) | (2) |

The Company has unprovided deferred tax assets as there is insufficient certainty as to whether events will materialise to crystallise the deferred tax.

11. Called up share capital

| | 2013 £'000 | 2012 £'000 |
|-------------------------------------------|---------------|---------------|
| Authorised | | |
| 25,000,000 ordinary shares of £0.01 each | 250 | 250 |
| Called up, allotted and fully paid | | |
| 23,681,104 ordinary shares of £0.01 each | 237 | 237 |

Arnold Waste Disposal Limited

Notes to the financial statements Year ended 31 December 2013

12. Reserves

| | Share premium account £'000 | Profit and loss account £'000 | Total £'000 |
|-----------------------------|--------------------------------------|----------------------------------------|----------------|
| At 1 January 2013 | 28 | (1,329) | (1,301) |
| Loss for the financial year | - | (175) | (175) |
| At 31 December 2013 | 28 | (1,504) | (1,476) |

13. Reconciliation of movements in shareholders' deficit

| | 2013 £'000 | 2012 £'000 |
|--------------------------------------------------|----------------|----------------|
| (Loss)/profit for the financial year | (175) | 39 |
| Net (increase)/decrease in shareholders' deficit | (175) | 39 |
| Opening shareholders' deficit | (1,064) | (1,103) |
| Closing shareholders' deficit | (1,239) | (1,064) |

14. Contingent liabilities

- (a) The Company is a member of a group VAT registration and as such has contingent liabilities for VAT in respect of other members of the group.
- (b) On 21 December 2006, the Company was a party to the refinancing of Azincourt Investment S.L. ("Azincourt") and its subsidiary companies. Azincourt was the company used by Fomento de Construcciones y Contratas, S.A. for the acquisition of the Group and its subsidiary undertakings including the Company. The Company agreed to advance funds to Azincourt under the Group's cash pooling arrangements for the purposes of, among other things, the repayment of principal, interest or other amounts under the Facility Agreement, or the payment of any other costs or expenses incurred by Azincourt directly or indirectly in connection with its acquisition of the Group. The Company also entered into a floating charge over all its present and future rights, title and interest to the cash pooling account and all amounts credited to it in its favour.
- (c) The Group must comply with the Environment Agency's financial provisioning requirements for its landfill sites in England and Wales, which is satisfied by providing financial security bonds totalling £103.8million (2012: £100.8million). However, the Company is an indemnifying party to the other Group bonds and as such has contingent liabilities for environmental provisions in respect of other members of the Group.
- (d) On 22 January 2014, the Company was a party to the refinancing of Azincourt and its subsidiary companies. As explained above, Azincourt was the company used by Fomento de Construcciones y Contratas, S.A. for the acquisition of the Group and its subsidiary undertakings including the Company. Under the re-financing, the Company has granted legal mortgages (or the relevant Scottish equivalent) over specified real property and fixed charges over certain assets. The Company has granted floating charges over all present and future undertakings not already charged pursuant to any of the above.

Arnold Waste Disposal Limited

Notes to the financial statements Year ended 31 December 2013

15. Related party transactions

The Directors regard all subsidiaries of FCC as related parties. In the ordinary course of business, the Company has traded with fellow subsidiaries of FCC.

The Company has taken advantage of the exemption conferred by FRS 8 from disclosing details of those transactions with other wholly owned subsidiaries of FCC.

16. Ultimate parent company

The immediate parent of the Company is FCC Environment (UK) Limited, a company registered in England and Wales.

The Directors regard Fomento de Construcciones y Contratas, S.A., a company registered in Spain, as the ultimate parent company and Esther Koplowitz Romero de Juseu to be the ultimate controlling party.

Fomento de Construcciones y Contratas, S.A. is the parent company of the largest group of which the Company is a member and for which group accounts are drawn up. FCC Environment (UK) Limited is the parent company of the smallest group of which the Company is a member and for which group accounts are drawn up. Copies of the financial statements of both FCC Environment (UK) Limited and Fomento de Construcciones y Contratas, S.A. are available from the Company Secretary, Ground Floor West, 900 Pavilion Drive, Northampton Business Park, Northampton, NN4 7RG.