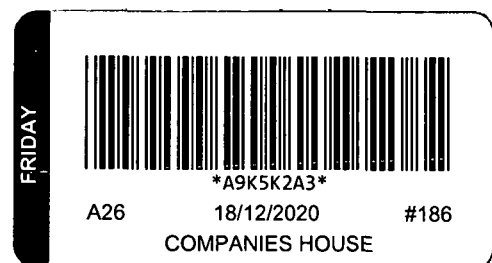


**Company Registration No. 00930757**

**Arnold Waste Disposal Limited**

**Annual report and financial statements  
for the year ended 31 December 2019**



# **Arnold Waste Disposal Limited**

## **Annual report and financial statements 2019**

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# **Arnold Waste Disposal Limited**

## **Annual report and financial statements 2019**

### **Officers and professional advisers**

#### **Directors**

P Taylor  
V F Orts-Llopis  
A Serrano Minchan

#### **Registered Office**

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

#### **Auditor**

Deloitte LLP  
Statutory Auditor  
1 City Square  
Leeds  
LS1 2AL  
United Kingdom

# **Arnold Waste Disposal Limited**

## **Directors' report**

The Directors present their annual report and the audited financial statements of Arnold Waste Disposal Limited ("the Company") for the year ended 31 December 2019.

### **Principal activity**

The principal activity of the Company during the year ended 31 December 2019 was the decommissioning and aftercare of its landfill site.

### **Directors**

The Directors who served during the year ended 31 December 2019 and up to the date of this report were as follows:

P Taylor  
V F Orts-Llopis  
A Serrano Minchan

### **Results and dividends**

The results for the Company for the year ended 31 December 2019 are set out on page 13. The loss for the financial year amounted to £111,000 (2018: £205,000 loss). The Company did not pay an interim dividend during the year (2018: £nil) and furthermore, the Directors do not recommend the payment of a final dividend (2018: £nil). The loss (2018: loss) for the financial year has been withdrawn from (2018: withdrawn from) reserves. The results gave rise to a corresponding decrease (2018: decrease) in total shareholder's funds in the year.

The Company's immediate 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 financial and non-financial key performance indicators for the Company is not appropriate for an understanding of the development, performance or position of the business. Copies of the FCC E UK annual report can be obtained from the address in note 16.

### **Going concern**

The directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis in preparing the annual financial statements.

Further details regarding the adoption of the going concern basis can be found in Note 2 to the financial statements.

### **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").

### **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. 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**

### **Economic**

The decision to leave the European Union has resulted in a period of uncertainty for the UK economy and increased volatility in financial markets. A no deal Brexit scenario could influence consumer confidence, which in turn could affect and lead to lower sales volumes. We have reviewed the potential impacts and consider that we have sufficient mitigations in place. The Group's strategy is focused on growing through recycling and EfW where margins are generally higher than traditional landfill.

### **Covid-19**

Covid-19 was declared a global pandemic on 11 March 2020 by the World Health Organisation and measures taken by governments around the world including the UK to combat this public health emergency have had far reaching implications on peoples' lives, economies and businesses. As a designated 'Key Worker' and provider of essential public services, the Group is well placed to weather the current period of uncertainty. In response to the crisis, the Group has established a Covid-19 committee consisting of the Group's executive management team whilst the Group also participates in a wider FCC global response committee. The team has had regular virtual meetings during the crisis with the welfare of employees, customers, suppliers and other stakeholders visiting our sites, the primary concern. The committee has considered and ensured the practical implementation of government guidelines and also managed the operational and financial implications for the business. Consideration of the impact on the Company's going concern status is set out in note 2.

### **Employees**

The professionalism and commitment shown by the Group's employees over the last year continues to be a major contribution to its operations. The Board would again like to thank all employees for their hard work, dedication and loyalty during the year.

FCC E UK continues to be committed to ensuring that its policies and practices reflect human resource best practice. The Group's policy of equal opportunity gives all employees the same chance to succeed, irrespective of age, race, nationality, ethnic origin, disability, membership of a trade union, sex or marital status.

The Directors recognise the importance of communication with employees and members of the executive management team regularly visit sites and discuss matters of current interest and concern to the business with staff.

In 2019, continuing our employee engagement programme we launched a recognition portal (in addition to our ABCD awards) whereby employees could be thanked and rewarded for the smaller day to day achievements. It is a peer to peer recognition scheme whereby anyone can be recognised in the following categories - good job, helping hand, great idea or great teamwork. Managers have perk privileges which include awarding gift cards, chocolates, coffee's etc. Employees are able to 'like' recognitions and all recognitions are on a scroll feed on the employee benefits portal. We have had massive take up on this and is a way of saying thank you to reward the everyday achievements that people do over and above their normal duties.

The Company aims to put its people first when it comes to their health, safety and wellbeing. In order to measure this, we use an independent survey software to run monthly engagement surveys. Our scores, from these surveys have averaged 7.7/10 during 2019, which puts us in the top 25% of energy and utility businesses for employee satisfaction.

We have implemented a number of new initiatives in 2019, including company sick pay for all, company maternity pay for women, more employee benefits choices such as company car or car allowance. We continue with our wellbeing initiatives – health and finances for example.

We believe our employee value proposition is one that makes us a "go to" company to work for and this is reflected in how satisfied our employees continue to be overall.

The Board is dedicated to maintaining the highest standards of honesty, openness and accountability and recognise that employees have an important part to play in achieving this goal. All employees are encouraged to report any concerns they may have over wrongdoing at work via an independent confidential reporting (whistleblowing) service that employees can access, should they feel uncomfortable in approaching management.

Training continues to be a high priority for the Group and it recognises that it is vital that its employees have the relevant skills to take up the new and exciting roles that are being created as the industry, and therefore the business, evolves. We invested our highest amount ever in training and development during 2019. We have paid particular attention to succession planning in the business and developing our future leaders and bringing new talent into the business by way of apprenticeships and graduate programmes.

# Arnold Waste Disposal Limited

## Directors' report

### Statement of Corporate Governance

Section 172 Companies Act 2006 recognises the position of trust that a director holds with regards to broader stakeholder interests when carrying out their duties to promote the success of the company.

For the year ended 31 December 2019, under The Companies (Miscellaneous Reporting) Regulations 2018, the Board has applied the Wates Corporate Governance Principles for Large Private Companies published by the Financial Reporting Council ('FRC') in December 2018 (the "Principles"). These Principles provide a framework for ensuring that the Company is well run, well managed and aligned behind a clear purpose.

As one of the UK's most trusted resource and waste management businesses, we are helping shape the policy landscapes, ensuring that our people, systems and strategy remain innovative and focused on delivering excellence.

The Company shares in common its Chief Executive Officer and Chief Financial Officer with the FCC E UK Group and FCC's wider UK Environment business. As a result, there is uniformity and consistency of strategy, policies, procedures and decision making across FCC's integrated UK Environment business. To reflect this, the following narrative on the Directors' application of the Principles, has been consistently reproduced in the annual report and financial statements of each FCC UK Environment business subsidiary and therefore some narrative may not be directly relevant to the Company.

### Principle 1 – Purpose and Leadership

As a leading resource and waste management business, the Company has an essential role in delivering a resource-efficient, resilient nation.

The Company has always set itself apart as being a forward-thinking business. Our talented workforce upholds our commitment to sustainability by driving waste materials up the waste hierarchy by treating, recycling and disposing of waste, creating opportunities to build a circular economy and providing outstanding customer service.

Our focus is:

- Own the waste
- Maximise the value of the resource
- Produce renewable energy

The Company's strategy and core services are fully aligned with FCC's strategic growth plans.

### Principle 2 – Board Composition

The Company has three directors, comprising of the Chief Executive Officer, the Chief Financial Officer and one senior executive from the FCC parent company to ensure that the effectiveness and accountability of the Board fulfils the strategic needs of the Company and the wider FCC Group. The composition of the board promotes effective decision making and supports the delivery of the company's strategy. Our Senior Management Team, with its extensive expertise, skills and professional backgrounds, provides the leadership assurance that the activities within our various business divisions are aligned to our strategic goals. Each division of the Company is headed up by a member of the Senior Management Team with the expertise to allow them to independently, effectively and objectively focus on the issues specific to their division.

We have a respectful and inclusive culture and are working towards improving the diversity of the Board and in our Senior Management Team. In February 2019, the Company joined CEO's from 29 of the country's leading energy and utilities employers as they launched a long term sector inclusive commitment to attract a more diverse and inclusive talent into their industry, reflecting the communities they serve.

The Energy & Utilities Skills Partnership, led by sector employers, recognised in its Workforce Renewal Skills Strategy: 2020 that its current workforce failed to fully represent the 65 million people it served every day. The Inclusion Commitment challenges the sector to act and think differently and aims to inspire and connect with underrepresented groups, attracting new talent and ideas into the energy and utilities industry. The Company has always been a fair and equal employer and is working collaboratively with peers, including the Energy & Utilities Skills Partnership on The Inclusion Commitment had brought into sharp focus our achievements to date and the need to go even further to encourage diversity in its many forms

The Company introduced an Equality and Diversity Action Plan, and all staff undertook Equality and Diversity training in 2019.

# **Arnold Waste Disposal Limited**

## **Directors' report**

### **Statement of Corporate Governance (continued)**

#### **Principle 3 – Directors Responsibilities**

The Board supports our talented workforce, and upholds our commitment to sustainability. The Board agrees, and has the collective responsibility for the strategy of the Group. The Senior Management Team oversee the day to day responsibilities and opportunities of our very capable workforce.

The Board has established and maintained effective corporate governance through the Group's five values:

- Honesty and respect
- Focus on earnings
- Rigour and professionalism
- Loyalty and commitment
- Community well-being and development

These five values are the most important hallmarks of our Group, whose vision is to be an international reference Employee Services Group that offers global and innovative solutions for the efficient management of resources and the improvement of infrastructures, contributing to improving the quality of the life of employees and the sustainable progress of society.

#### **Principle 4 – Opportunity & Risk**

The Group seeks opportunity and investment, whilst maintaining a robust and integrated system of risk management and internal controls.

Opportunities are identified by maintaining deep knowledge and expertise of our sector to understand industry needs. This is achieved through liaison with stakeholders including customers, partner councils, local authorities as well as industry and regulatory bodies. We actively seek opportunities to leverage the Group's assets.

Operating in the UK's highly regulated waste management market, presents numerous risks and uncertainties to the Group. The principal risks and uncertainties affecting the Group and set out in detail on pages 2-3 of the Directors' Report.

The Board has developed and implemented risk management policies and procedures that promote a robust control environment at all levels of the organisation. The Senior Management Team ensures the right level of diligence, and robust measures are in place to identify risks and assess, consider, manage and prioritise any impact.

#### **Principle 5 – Remuneration**

The Board promotes appropriate and fair levels of remuneration to attract and retain the best talent and create a business culture that promotes business stability, sustainable growth and the long term success of the Company and Group.

From April 2017, the Government introduced gender pay gap reporting for all companies with more than 250 employees. The gender pay gap shows the difference between the average hourly pay for men and women across all ages' roles and levels. The gender pay gap differs from equal pay, which is the right for men and women to be paid at the same rate of pay for work of equivalent value. In 2019, the Group's gender pay gap slightly favoured men with a mean of 2.44% and a median of 0.26%.

#### **Principle 6 – Stakeholders**

Our stakeholders are our employees, customers, suppliers, partner councils and local authorities, regulatory bodies and neighbours. Stakeholders can be anyone who is positively or negatively affected by our work, actions, achievements and/or purpose.

The Board is committed to promote accountability and transparency with all stakeholders, fostering effective stakeholder relationships and meaningful engagement.

# **Arnold Waste Disposal Limited**

## **Directors' report**

### **Statement of Corporate Governance (continued)**

#### **Principle 6 – Stakeholders (continued)**

FCC's UK Environment business which includes the FCC E UK Group has:

- Over 2,300 employees (nil in the Company)
- 100 major contracts with a total of 60 local authorities
- 280 UK sites of which 166 are operational
- 7 PFI and PPP Contracts
- 6,000 business waste customer agreements
- 3,500 customer accounts
- 4,000 customer sites

Stakeholders are at the forefront of our business. Liaison with trade customers, partner councils and local authorities is fundamental to ensuring that we understand their needs and continue to deliver the services that they require. Engagement with regulatory bodies is critical to ensuring that we manage the risks set out on pages 2-3 of the Directors' report and remain compliant with applicable laws and regulations. Page 3 of the Directors' report sets out details of our employee engagement programme.

The Group operates five EfWs, four of which have visitor centres which run educational visits for schools, colleges, universities and clubs. They also run community liaison meetings and engage with local business groups. The sites also engage in outreach visits in which the visitor centre managers and various staff visit the schools and colleges and even attended the Buckinghamshire Skills Show careers conference.

During the year, a selection of employees, representing support functions and operations enjoyed the CEO's Roadshow which was held in both the North and the South of the country. Paul Taylor took the opportunity to present his annual overview of the achievements and activities of the Group over the last 12 months with goals and aspirations going forward.

Further examples of how FCC's UK Environment businesses have engaged with various stakeholders during 2019 are as follows:

#### **January 2019**

Official opening of the new-look charity shop at Hessle HWRC, which was attended by the Lord Mayor of Kingston upon Hull, Vice Chairman of East Riding of Yorkshire Council, Councillors from both Hull City Council and East Riding of Yorkshire Council and the Chairman of Dove House Hospice.

#### **February 2019**

Members of Peterborough Council attended the official opening of a new Household Recycling Centre in Fengate.

#### **March 2019**

The Environment Agency Chief Executive and the interim Chief Executive of Natural England visited our Greatmoor EfW, which is the UK's largest single grate energy from waste facility.

#### **April 2019**

Wokingham U3A group had a tour of RE3 Limited's PFI recycling facility and left feedback confirming that they had found the tour very informative and thought provoking. They left feeling enthused and ready to improve their recycling habits. RE3 Limited is a sister FCC UK subsidiary for which the Group acts in the capacity of operations and maintenance ("O&M") contractor.



# **Arnold Waste Disposal Limited**

## **Directors' report**

### **Statement of Corporate Governance (continued)**

#### **Principle 6 – Stakeholders (continued)**

##### **May 2019**

The West Devon Collections Crew 4 were named the Collection Crew of the Year, at the Awards for Excellence in Recycling and Waste Management 2019 at London's Landmark Hotel. The West Devon contract is operated by sister FCC UK subsidiary, FCC Environment Services (UK) Limited. The Awards are run by Letsrecycle.com. The team also won the Recycle Devon Thank You Award for the second year in a row.

##### **June 2019**

Deeping St Nicholas Primary School and St Faith & St Martin Church of England Junior School were chosen as the joint winners of the FCC Lincolnshire Young Environmentalist Award 2019. The Group have sponsored this event for many years now.

##### **July 2019**

RE3 Limited produced their thirteenth Annual Environmental Report for 2018/2019 and the theme was engagement. This included the resident's engagement as part of Recycle Week in 2018, allowing residents to take part in the tours conducted at the facility and also included the details of RE3's new website upgrade launch in March 2019, allowing for easy navigation across the website which allows important information to be conveyed to the local residents.

##### **August 2019**

The Group launched their Be Aware and Take Care campaign across Recycling Centres urging residents to keep their kids, pets and themselves safe on sites.

##### **September 2019**

The Millerhill recycling and energy recovery centre officially opened. This is a state of the art facility operated under a 25 year partnership between, fellow FCC UK undertaking, FCC (E&M) Limited and The City of Edinburgh Council and Midlothian Council. The Group acts as O&M contractor to FCC (E&M) Limited. The official opening brought the Partner Councils and other key stakeholders together to celebrate the occasion.

##### **October 2019**

A group of media students from Suffolk New College teamed up with the Group to help raise awareness of waste disposal issues in the county. The students were approached to create content and campaigns for an ongoing marketing initiative that would encourage local residents to recycle.

##### **November 2019**

Delegates from the Group took part in the WISH Worker Engagement and Leadership in Health and Safety Conference in Manchester to discuss a range of key sector issues including why health and safety leadership and worker engagement was crucial in today's corporate environment.

##### **December 2019**

The Group's client East Riding of Yorkshire Council were delighted to announce that their residents were top recyclers in England for a third year running. Government figures showed that East Riding of Yorkshire Council recycled, reused or composted more household waste than any other council in England in 2018/19.

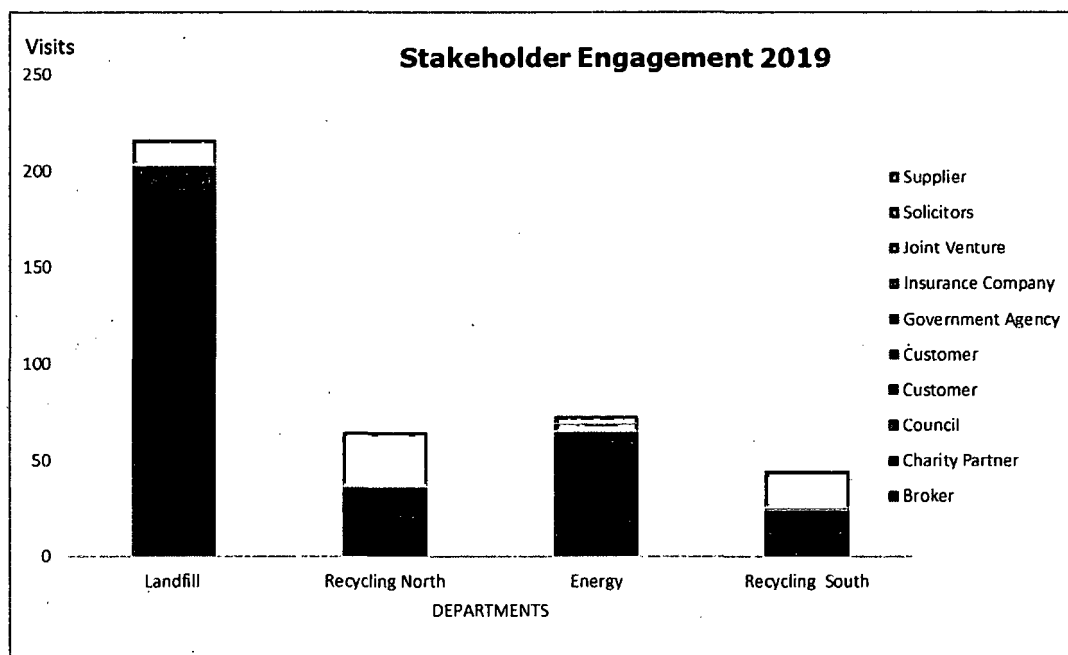
# Arnold Waste Disposal Limited

## Directors' report

### Statement of Corporate Governance (continued)

#### Principle 6 – Stakeholders (continued)

The Group engage with our partner stakeholders, and below is a chart showing four typical departments, and the stakeholders they would typically engage with.



#### Post balance sheet event

The Covid-19 pandemic is a material non-adjusting event impacting the Group. Please see the principal risks and uncertainties section on pages 2-3 and the going concern section in note 2 for details of the considerations and implications on the Group.

# Arnold Waste Disposal Limited

## Directors' report

### 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), including FRS 101 "Reduced Disclosure Framework".

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; 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.

### Auditor

Each of the persons who is a director at the date of approval of this report confirms that:

- so far as the Directors are aware, there is no relevant audit information of which the Company's auditor is unaware; and
- the Directors have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

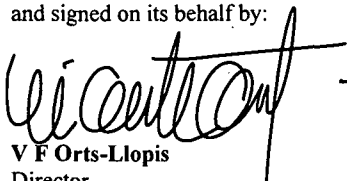
This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

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

This Directors' report has been prepared in accordance with the provisions applicable to companies entitled to the small companies exemption. As a result of this exemption, the Company has elected not to prepare a separate Strategic Report.

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



V F Orts-Llopis  
Director

14 December 2020

## **Arnold Waste Disposal Limited**

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

#### **Report on the audit of the financial statements**

##### **Opinion**

In our opinion the financial statements of Arnold Waste Disposal Limited (the 'company'):

- give a true and fair view of the state of the company's affairs as at 31 December 2019 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice including Financial Reporting Standard 101 "Reduced Disclosure Framework"; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the statement of comprehensive income;
- the balance sheet;
- the statement of changes in equity; 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, including Financial Reporting Standard 101 "Reduced Disclosure Framework" (United Kingdom Generally Accepted Accounting Practice).

##### **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 UK, including the Financial Reporting Council's ('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**

We are required by ISAs (UK) to report in respect of the following matters where:

- the directors' use of the going concern basis of accounting in 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.

We have nothing to report in respect of these matters.

## **Arnold Waste Disposal Limited**

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

#### **Other information**

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

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

We have nothing to report in respect of these matters.

#### **Responsibilities of directors**

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, 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 FRC's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

#### **Report on other legal and regulatory requirements**

##### **Opinions 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 directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the directors' report has been prepared in accordance with applicable legal requirements.

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 any material misstatements in the directors' report.

## **Arnold Waste Disposal Limited**

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

#### **Matters on which we are required to report by exception**

Under the Companies Act 2006 we are required to report in respect of the following matters 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 in preparing the directors' report and from the requirement to prepare a strategic report.

We have nothing to report in respect of these matters.

#### **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.



David Johnson B.A., F.C.A. (Senior Statutory Auditor)  
for and on behalf of Deloitte LLP  
Statutory Auditor  
Leeds, United Kingdom  
14 December 2020

## Arnold Waste Disposal Limited

### Statement of comprehensive income For the year ended 31 December 2019

	Notes	2019 £'000	2018 £'000
Other operating expenses		(36)	(115)
<b>Operating loss</b>		<b>(36)</b>	<b>(115)</b>
Finance costs	6	(91)	(90)
<b>Loss before tax</b>	4	<b>(127)</b>	<b>(205)</b>
Tax on loss	7	16	-
<b>Loss for the year</b>		<b>(111)</b>	<b>(205)</b>
Other comprehensive result for the year, net of tax		-	-
<b>Total comprehensive expense for the year</b>		<b>(111)</b>	<b>(205)</b>

The notes on pages 16 to 24 are an integral part of these financial statements.

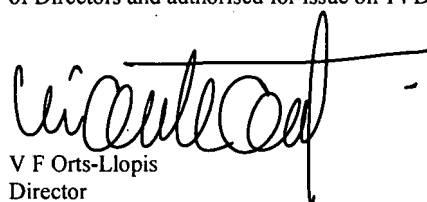
## Arnold Waste Disposal Limited

### Balance sheet As at 31 December 2019

	Note	2019 £'000	2018 £'000
<b>Fixed assets</b>			
Tangible assets	8	-	-
<b>Current assets</b>			
Debtors: amounts due within one year	9	1,908	1,971
Debtors: amounts due after more than one year	9	8	8
		1,916	1,979
<b>Creditors: amounts falling due within one year</b>	10	-	(4)
<b>Net current assets and total assets less current liabilities</b>		1,916	1,975
Provisions for liabilities	11	(1,909)	(1,857)
<b>Net assets</b>		7	118
<b>Capital and reserves</b>			
Called-up share capital	12	237	237
Share premium account		28	28
Capital contribution reserve		821	821
Profit and loss account		(1,079)	(968)
<b>Total shareholder's funds</b>		7	118

The notes on pages 16 to 24 are an integral part of these financial statements.

The financial statements of Arnold Waste Disposal Limited, registered number 00930757 were approved by the Board of Directors and authorised for issue on 14 December 2020. They were signed on its behalf by:

  
V F Orts-Llopis  
Director



## Arnold Waste Disposal Limited

### Statement of changes in equity For the year ended 31 December 2019

	Called-up share capital £'000	Share premium account £'000	Capital contribution reserve £'000	Profit and loss account £'000	Total £'000
<b>Year ended 31 December 2019</b>					
At 1 January 2019	237	28	821	(968)	118
Loss for the year and total comprehensive expense	-	-	-	(111)	(111)
<b>At 31 December 2019</b>	<b>237</b>	<b>28</b>	<b>821</b>	<b>(1,079)</b>	<b>7</b>
<b>Year ended 31 December 2018</b>					
At 1 January 2018	237	28	821	(763)	323
Loss for the year and total comprehensive expense	-	-	-	(205)	(205)
<b>At 31 December 2018</b>	<b>237</b>	<b>28</b>	<b>821</b>	<b>(968)</b>	<b>118</b>

# Arnold Waste Disposal Limited

## Notes to the financial statements For the year ended 31 December 2019

### 1. Corporate information

Arnold Waste Disposal Limited is a private company limited by shares incorporated in the United Kingdom under the Companies Act 2006, registered in England and Wales. The address of the registered office is given on page 1. The nature of the Company's operations and its principal activities are set out in the Directors' report.

### 2. Accounting policies

The principal accounting policies are summarised below. They have all been applied consistently throughout the year and to the preceding year.

#### General information and basis of accounting

The financial statements have been prepared under the historical cost convention and in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework (FRS 101) issued by the Financial Reporting Council.

The functional and presentational currency of Arnold Waste Disposal Limited is considered to be pounds sterling because that is the currency of the primary economic environment in which the Company operates.

#### Exemptions for qualifying entities under FRS 101

The Company has taken advantage of the following disclosure exemptions under FRS 101:

- (a) The requirements of paragraphs 45(b) and 46 to 52 of IFRS 2 *Share-based Payment*
- (b) The requirements of paragraphs 62, B64(d), B64(e), B64(g), B64(h), B64(j) to B64(m), B64(n)(ii), B64(o)(ii), B64(p), B64(q)(ii), B66 and B67 of IFRS 3 *Business Combinations*
- (c) The requirements of IFRS 7 *Financial Instruments: Disclosures*
- (d) The requirements of paragraphs 91 to 99 of IFRS 13 *Fair Value Measurement*
- (e) The requirement in paragraph 38 of IAS 1 *Presentation of Financial Statements* to present comparative information in respect of:
  - i. paragraph 79(a)(iv) of IAS 1;
  - ii. paragraph 73(e) of IAS 16 *Property, Plant and Equipment*;
  - iii. paragraph 118(e) of IAS 38 *Intangible Assets*;
- (f) The requirements of paragraphs 10(d), 10(f), 16, 38A, 38B, 38C, 38D, 40A, 40B, 40C, 40D, 111 and 134 to 136 of IAS 1 *Presentation of Financial Statements*
- (g) The requirements of IAS 7 *Statement of Cash Flows*
- (h) The requirements of paragraphs 30 and 31 of IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors*
- (i) The requirements of paragraph 17 of IAS 24 *Related Party Disclosures*
- (j) The requirements in IAS 24 *Related Party Disclosures* to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member
- (k) The requirements of paragraphs 134(d) to 134(f) and 135(c) to 135(e) of IAS 36 *Impairment of Assets*

Where relevant, equivalent disclosures have been given in the consolidated FCC E UK group financial statements, copies of which are available from Ground Floor West, 900 Pavilion Drive, Northampton Business Park, Northampton, NN4 7RG.

## Arnold Waste Disposal Limited

### Notes to the financial statements For the year ended 31 December 2019

#### 2. Accounting policies (continued)

##### New and amended IFRS standards that are effective for the current year

New amendments to Standards and Interpretations that became mandatory for the first time for the financial year beginning 1 January 2019 are listed below. The amendments had no material impact on the Company's result:

- IFRS 16 Leases
- IFRIC 23 Uncertainty over Income Tax Treatments
- Amendments to IAS 12 Income Tax Consequences of Payments on Financial Instruments Classified as Equity (*Annual Improvements 2015-2017 Cycle*)
- Amendments to IAS 19 Plan Amendment, Curtailment or Settlement
- Amendments to IAS 23 Borrowing Costs Eligible for Capitalisation (*Annual Improvements 2015-2017 Cycle*)
- Amendments to IAS 28 Long term Interests in Associates and Joint Ventures
- Amendments to IFRS 3 Previously Held Interest in a Joint Operation (*Annual Improvements 2015-2017 Cycle*)
- Amendments to IFRS 9 Prepayment Features with Negative Compensation
- Amendments to IFRS 11 Previously Held Interest in a Joint Operation (*Annual Improvements 2015-2017 Cycle*)

##### Going concern

The Directors have assessed the responses from their enquiries to the immediate parent company, FCC E UK and have reviewed projected cash flows and carefully considered the risks to the Company's trading performance and cash flows. In light of the Covid-19 pandemic, the Directors have considered the impact that has been experienced by the Group in recent months with customers, suppliers, employees and other stakeholders as well as the impact on operating cash flows. The Directors have also performed and carefully considered a number of different forecast scenarios of varying severity to stress test the resilience of the Group's cash flows and trading performance. All scenarios provided sufficient comfort to the Directors.

The Directors therefore continue to adopt the going concern basis in preparing the Annual report and financial statements.

##### Tangible fixed assets

Tangible fixed assets are stated at cost, net of depreciation and any provision for impairment. Depreciation is provided on all tangible fixed assets, other than freehold land, at rates calculated to write off the cost, less estimated residual value, of each asset on a straight-line basis over its expected useful life, as follows:

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

Residual value represents the estimated amount which would currently be obtained from disposal of an asset, after deducting estimated costs of disposal, if the asset were already of the age and in the condition expected at the end of its useful life.

Decommissioning assets (and provisions) are created on commencement of operation at a site and depreciated as for landfill sites above. Capping assets (and provisions) are created in a similar way when new cell construction commences and capping assets are depreciated based on expected cell life.

## Arnold Waste Disposal Limited

### Notes to the financial statements For the year ended 31 December 2019

#### 2. Accounting policies (continued)

##### Impairment of assets

Assets, other than those measured at fair value, are assessed for indicators of impairment at each balance sheet date. If there is objective evidence of impairment, an impairment loss is recognised in comprehensive income as described below.

##### *Financial assets*

For financial assets carried at amortised cost, the amount of an impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

For financial assets carried at cost less impairment, the impairment loss is the difference between the asset's carrying amount and the best estimate of the amount that would be received for the asset if it were to be sold at the reporting date.

Where indicators exist for a decrease in impairment loss, and the decrease can be related objectively to an event occurring after the impairment was recognised, the prior impairment loss is tested to determine reversal. An impairment loss is reversed on an individual impaired financial asset to the extent that the revised recoverable value does not lead to a revised carrying amount higher than the carrying value had no impairment been recognised.

##### Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the Company expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the statement of comprehensive income and expense net of any reimbursement. If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

##### Decommissioning and aftercare costs

Full provision is made for the net present value ("NPV") of the Company's projected costs, in respect of decommissioning liabilities at the Company's landfill sites, which have been capitalised in tangible fixed assets. The Company provides for all projected 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 arise 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 2.0% and discounted at 4.2% to calculate the NPV.

##### Taxation

Expenses and assets are recognised net of the amount of sales tax except:

- where the sales tax incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the sales tax is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- debtors and creditors are stated with the amount of sales tax included.

The net amount of sales tax recoverable from, or payable to, the taxation authority is included as part of debtors or creditors in the balance sheet. Tax on the profit or loss for the year comprises current and deferred tax.

## **Arnold Waste Disposal Limited**

### **Notes to the financial statements For the year ended 31 December 2019**

#### **2. Accounting policies (continued)**

##### **Taxation (continued)**

Current tax is the expected tax payable on the taxable surplus for the year using average tax rates in place during the financial year, and any adjustments in respect of previous periods. Income tax relating to items recognised directly in equity is recognised in equity and not in the income statement.

Deferred income tax is provided, using the liability method, on all temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. Deferred income tax is recognised for all temporary differences:

- except where the deferred income tax liability arises from the initial recognition of goodwill, non-tax deductible goodwill amortisation or the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit or loss nor taxable profit or loss; and
- in respect of taxable temporary differences associated with investments in subsidiaries except where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred income tax assets are recognised for all deductible temporary differences and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry-forward of unused tax assets and unused tax losses can be utilised.

The carrying amount of deferred income tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance sheet date.

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

In the application of the Company's accounting policies, which are described in note 2, the Directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

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

**Provisions** – Under environmental legislation and through regulation and planning consents, the Company is obliged to decommission and restore landfill sites to a prescribed standard. The elements included in the decommissioning provision are those projected costs which will be required to close down any given site in compliance with its environmental permit, planning conditions, and contractual and lease requirements. The provision is limited to costs incurred in the immediate closure and decommissioning period.

As well as decommissioning a site, the Company is obliged under its environmental permits and planning permission to manage a site for a period of up to 60 years or until it becomes inactive. As a result, in addition to provisions for decommissioning, the Company also establishes provisions for aftercare. Elements included in the provision are those projected costs which are required to ensure that a landfill site is properly managed in compliance with its environmental permit, planning conditions and lease terms during its closed phase.

## Arnold Waste Disposal Limited

### Notes to the financial statements For the year ended 31 December 2019

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

In addition to the decommissioning and aftercare provisions, the Company makes provision for other costs relating to regulatory and environmental compliance to be incurred on items such as capping and leachate disposal.

These provisions are based principally on measurement and survey data and some engineering estimates, including cost assumptions. Estimating provisions over long time periods requires a number of assumptions and judgements to be made. Significant reductions in the estimates of the remaining site lives of the landfill sites or significant increases in estimates of decommissioning costs or aftercare costs due to changes in regulatory requirements or estimates could have a substantial impact on the value of the provisions.

An annual inflation rate of 2.0% has been assumed over the period of cost relating to the provisions and the provisions have been discounted at 4.2%. See note 11 for further disclosures relating to the provisions.

#### 4. Loss before taxation

Loss before taxation is stated after crediting

	2019 £'000	2018 £'000
Decrease in environmental provisions on revision of estimate of future costs (included within provisions credit)	(34)	(98)

Auditor's remuneration in respect of audit fees totalling £1,000 (2018: £1,000) has been met by FCC Recycling (UK) Limited, a fellow subsidiary undertaking of FCC E UK.

In accordance with SI 2008/489 the Company has not disclosed the fees payable to the Company's auditor for 'Other services' as this information is included in the consolidated financial statements of FCC E UK.

#### 5. Directors' remuneration and transactions

None of the Directors received any remuneration or other benefits through the Company during the year ended 31 December 2019 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 Directors received total remuneration of £639,000 for services to the Group as a whole in the year ended 31 December 2019 (2018: £647,000). Certain Directors were remunerated by fellow subsidiary companies of FCC without recharge to the Group.

The Company had no employees during the current or previous financial year.

#### 6. Finance costs

	2019 £'000	2018 £'000
Unwinding of discount (note 11)	91	90

## Arnold Waste Disposal Limited

### Notes to the financial statements For the year ended 31 December 2019

#### 7. Tax on loss

The tax position comprises:

	2019 £'000	2018 £'000
<b>Current tax</b>		
United Kingdom corporation tax at 19% (2018: 19%) based on loss for the year	(16)	-
<b>Total current tax</b>	(16)	-
<b>Deferred tax</b>		
Origination and reversal of timing differences	1	-
Adjustment relating to prior year	(1)	-
<b>Total deferred tax (see note 11)</b>	-	-
<b>Tax on loss</b>	(16)	-

Finance Act 2016, which was substantively enacted in September 2016, included provisions to reduce the rate of corporation tax to 19% with effect from 1 April 2017 and 17% from 1 April 2020.

The Chancellor of the Exchequer announced on 11 March 2020 that the corporation tax rate will not be reduced from 1 April 2020 as set out in Finance Act 2016 and the rate of corporation tax would remain unchanged at 19%. As Finance Act 2020 has not yet gained Royal Assent, the rate of deferred tax used as at 31 December 2019 is 17%.

The total tax position for both the current and previous year differs from the average standard rate of 19% (2018: 19%) for the reasons set out in the following reconciliation:

	2019 £'000	2018 £'000
<b>Loss before tax</b>	(127)	(205)
<b>Tax on (loss) at average standard rate</b>	(24)	(39)
<b>Effects of:</b>		
Non-taxable items	9	2
Adjustment relating to prior year	(1)	-
Group relief surrendered, not paid for	-	37
<b>Total tax</b>	(16)	-

## Arnold Waste Disposal Limited

### Notes to the financial statements For the year ended 31 December 2019

#### 8. Tangible fixed assets

	Landfill sites £'000	Plant and equipment £'000	Total £'000
<b>Cost</b>			
At 1 January 2019	2,964	18	2,982
Disposals	-	-	-
At 31 December 2019	2,964	18	2,982
<b>Depreciation</b>			
At 1 January 2019	2,964	18	2,982
Disposals	-	-	-
At 31 December 2019	2,964	18	2,982
<b>Net book value</b>			
At 31 December 2019	-	-	-
At 31 December 2018	-	-	-

#### 9. Debtors

	2019 £'000	2018 £'000
<i>Amounts falling due within one year:</i>		
Amounts owed by fellow subsidiary undertakings	1,908	1,971
<i>Amounts falling due after more than one year:</i>		
Amounts prepaid to fellow subsidiary undertaking	8	8
	1,916	1,979

Amounts due from fellow subsidiary undertakings are unsecured, interest free, have no fixed date of repayment and are repayable on demand.

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

	2019 £'000	2018 £'000
Amounts owed to fellow subsidiary undertakings	-	3
Trade creditors	-	1
	-	4

Amounts owed to fellow subsidiary undertakings are unsecured, interest free, have no fixed date of repayment and are repayable on demand.



## Arnold Waste Disposal Limited

### Notes to the financial statements For the year ended 31 December 2019

#### 11. Provisions for liabilities

	Decommissioning £'000	Landfill aftercare £'000	Other £'000	Total £'000
At 1 January 2019	9	1,845	3	1,857
Charged to statement of comprehensive income	-	30	6	36
Unwinding of discount (note 6)	1	90	-	91
Expended in year	-	(74)	(1)	(75)
<b>At 31 December 2019</b>	<b>10</b>	<b>1,891</b>	<b>8</b>	<b>1,909</b>

#### Decommissioning and landfill aftercare

The Company 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 4.2% (2018: 4.2%) 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

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 tax

Deferred tax is provided as follows:

	Provided		Unprovided	
	2019	2018	2019	2018
	£'000	£'000	£'000	£'000
Depreciation in excess of capital allowances	-	-	-	(1)

In 2018, the Company had unrecognised deferred tax assets as there was insufficient certainty as to whether events would materialise to crystallise the deferred tax.

## Arnold Waste Disposal Limited

### Notes to the financial statements For the year ended 31 December 2019

#### 12. Called-up share capital and reserves

	2019 £'000	2018 £'000
<b>Allotted, called-up and fully-paid</b>		
23,681,104 ordinary shares of £0.01 each	<u>237</u>	<u>237</u>

##### *Share premium account*

The share premium reserve comprises the excess proceeds above the nominal amount of share capital on issue of equity shares. Direct issue costs are netted off the share premium account.

##### *Capital contribution reserve*

The capital contribution reserve comprises capital amounts introduced by the Company's shareholders in return for neither debt nor share capital.

##### *Profit and loss account*

Profit and loss account comprises cumulative profits or losses, including unrealised profits or losses recognised in the statement of comprehensive income and expense, net of dividends.

#### 13. Contingent liabilities

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.

#### 14. 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.

Under FRS 101, the Company is exempt from disclosing related party transactions with other wholly owned subsidiaries of FCC.

#### 15. Post balance sheet event

The Covid-19 pandemic is a material non-adjusting event impacting the Group. Please see the principal risks and uncertainties section on page 3 and the going concern section in note 2 for details of the considerations and implications on the Company.

#### 16. Controlling party

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. The ultimate controlling party is Inversora Carso S.A. de C.V., a company registered in Mexico.

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 financial statements 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 financial statements 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.