Registered number: 1373225

SITA Environment Limited

Directors' report and financial statements

for the year ended 31 December 2013

SITA Environment Limited

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SITA Environment Limited

Strategic report
for the year ended 31 December 2013

Business review

The company's key financial and other performance indicators during the year were as follows:

	2013	**2012**	
	£000	**£000**	*Change*
Turnover	**13,097**	19,384	*-32%*
Operating profit	**9**	741	*-99%*
(Loss)/ profit after tax	**(4,341)**	419	*-1,136%*
Shareholders funds	**56,126**	60,467	*-7%*
Current assets as % of current liabilities	**2,702%**	2,597%	

Turnover has decreased year on year due to the Holloway Lane landfill site no longer being operational, as well as the Albury landfill site no longer receiving active waste. Operating profit has decreased because of the increase in leachate costs in the year, as well the 2012 result being impacted by favourable movements in the environmental provisions.

On 31 December 2013, the company purchased the trade and assets of Wareham Ball Clay Company Limited and Dorset Waste Management Limited, both entities trading as part of the SITA group within the UK. The goodwill of £4,159,000 generated by the purchase of Wareham Ball Clay Company Limited has been impaired through the profit and loss account in the year ended 31 December 2013 due to the net liabilities poistion of that company upon acquisition.

Principal risks and uncertainties

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

Operational risks

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

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

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

Competitive risks

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

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

Legislative risks

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

SITA Environment Limited

Strategic report (continued)

Health and safety risks

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

Financial instrument risks

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

Use of derivatives

On certain major contracts, the SITA Group uses interest rate swaps in respect of the related funding to reduce exposure to interest rate movements.

Exposure to price, credit, liquidity and cash flow risk

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

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

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

This report was approved by the board on 11 September 2014 and signed on its behalf.

C Chapron
Director

Directors' report
for the year ended 31 December 2013

The directors present their report and the financial statements for the year ended 31 December 2013.

Principal activities

The company's principal activity during the year was the provision of waste management services. The company operates within the Treatment and Disposal division of the SITA Holdings UK Limited Group ("SITA Group"), the United Kingdom resource management business of Suez Environnement SAS.

Results and dividends

The loss for the year, after taxation, amounted to £4,341,000 *(2012 - profit £ 419,000).*

The directors do not propose the payment of a dividend for the year ended 31 December 2013 *(2012 - £Nil).*

Directors

The directors who served during the year were:

C Chapron
D Palmer-Jones

No director who held office on 31 December 2013 had an interest in the company's shares either during the financial year or at 31 December 2013.

Directors' indemnity

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

Going concern

The company's going concern is intrinsically linked to the performance, risks and going concern of the SITA Group. The SITA group, along with its ultimate parent company Suez Environnement SAS, has considerable financial resources together with long term contracts with a number of customers across different geographic areas and within different sectors of the recycling industry. As a consequence, the directors believe that the SITA group is well placed to manage its business risks successfully despite the current uncertain economic outlook.

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

Directors' report
for the year ended 31 December 2013
Environmental Impact

Our purpose is to protect our environment by putting waste to good use.

A crucial element of this is ensuring that the vision of the circular economy – where the waste cycle can work with the economic cycle to return waste as a secondary resource back into production and consumption – becomes a reality and value is extracted from waste.

In 2013 the SITA group:
- recycled and recovered 3,172,961 tonnes of the material we handled;
- generated over 855,000 megawatt hours of electricity from our landfill gas and energy-from-waste facilities;
- produced 65,000 tonnes of compost;
- decreased Greenhouse Gas (GHG) emissions from vehicles by 11% on the previous year;
- increased electricity production from non-hazardous waste incineration by 10%;
- decreased municipal waste input to Landfill by 17%;
- decreased fuel usage by 26%; and
- maintained carbon emissions from electricity usage at zero in CRC terms.

Future developments

The directors expect for the company to trade profitably over the remaining active life of its landfill sites, and thereafter through the generation of gas revenue.

SITA Environment Limited

Directors' report
for the year ended 31 December 2013

Statement of directors' responsibilities

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with 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 judgments 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 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.

Provision of information to auditor

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

- so far as that director is aware, there is no relevant audit information of which the company's auditor is unaware, and
- that director has taken all the steps that ought to have been taken as a director in order to be aware of any information needed by the company's auditor in connection with preparing its report and to establish that the company's auditor is aware of that information.

Re-appointment of auditors

The re-appointment of auditors will be considered at the company's AGM.

This report was approved by the board on 11 September 2014 and signed on its behalf.

C Chapron
Director

Independent auditor's report to the shareholder of SITA Environment Limited

We have audited the financial statements of SITA Environment Limited for the year ended 31 December 2013, which comprise the Profit and loss account, the Note of historical cost profits and losses, the Balance sheet and the related notes. 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).

Respective responsibilities of directors and auditor

As explained more fully in the Directors' responsibilities statement set out 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. 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. This report is made solely to the company's member 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 member 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 member for our audit work, for this report, or for the opinions we have formed.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate.

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 result 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.

Independent auditor's report to the shareholder of SITA Environment Limited

Opinion on other matter prescribed by the Companies Act 2006

In our opinion 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.

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.

J. Seaman

Jonathan Seaman (Senior statutory auditor)
for and on behalf of
Mazars LLP
Chartered Accountants and Statutory Auditor
Tower Bridge House
St Katharine's Way
London
E1W 1DD
Date: 24 September 2014

SITA Environment Limited

Profit and loss account
for the year ended 31 December 2013

	Note	2013 £000	*2012 £000*
Turnover	1,2	**13,097**	*19,384*
Cost of sales		**(12,066)**	*(17,249)*
Gross profit		**1,031**	*2,135*
Administrative expenses		**(1,022)**	*(1,394)*
Operating profit	3	**9**	*741*
Exceptional items			
Net (loss)/profit on sale of tangible fixed assets	7	**(29)**	*27*
Impairment of intangible fixed assets	7	**(4,159)**	-
(Loss)/profit on ordinary activities before interest		**(4,179)**	*768*
Income from shares in group undertakings		**1,805**	-
Impairment of fixed asset investments		**(1,579)**	-
Interest receivable and similar income	5	**327**	*361*
Interest payable and similar charges	6	**(567)**	*(567)*
(Loss)/profit on ordinary activities before taxation		**(4,193)**	*562*
Tax on (loss)/profit on ordinary activities	8	**(148)**	*(143)*
(Loss)/profit for the financial year	18	**(4,341)**	*419*

All amounts relate to continuing operations.

There were no recognised gains and losses for 2013 or 2012 other than those included in the Profit and loss account.

The notes on pages 11 to 23 form part of these financial statements.

SITA Environment Limited

Note of historical cost profits and losses
for the year ended 31 December 2013

	2013 £000	*2012* *£000*
Reported (loss)/profit on ordinary activities before taxation	(4,193)	*562*
Historical cost (loss)/profit on ordinary activities before taxation	(4,193)	*562*
Historical (loss)/profit for the year after taxation	(4,341)	*419*

The notes on pages 11 to 23 form part of these financial statements.

SITA Environment Limited
Registered number: 1373225

Balance sheet
as at 31 December 2013

	Note	£000	2013 £000	*£000*	*2012 £000*
Fixed assets					
Tangible assets	10		**5,455**		*3,514*
Investments	11		**889**		*2,468*
			6,344		*5,982*
Current assets					
Stocks	12	**18**		*20*	
Debtors	13	**66,583**		*70,297*	
Cash at bank		**278**		*188*	
		66,879		*70,505*	
Creditors: amounts falling due within one year	14	**(2,475)**		*(2,715)*	
Net current assets			**64,404**		*67,790*
Total assets less current liabilities			**70,748**		*73,772*
Provisions for liabilities					
Other provisions	16		**(14,622)**		*(13,305)*
Net assets			**56,126**		*60,467*
Capital and reserves					
Called up share capital	17		**1**		*1*
Revaluation reserve	18		**147**		*147*
Profit and loss account	18		**55,978**		*60,319*
Shareholders' funds - equity	19		**56,126**		*60,467*

The financial statements were approved and authorised for issue by the board and were signed on its behalf on
11 September 2014

C Chapron
Director

The notes on pages 11 to 23 form part of these financial statements.

1. Accounting policies

1.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention as modified by the revaluation of certain freehold land and in accordance with applicable accounting standards.

Having taken into account all available information, in particular forecasts for the next twelve months from the date of approval of the financial statements, and having performed the appropriate sensitivity analyses; the directors are of the opinion that it is appropriate to prepare the accounts on a going concern basis.

The company is itself a subsidiary company and is exempt from the requirement to prepare group accounts by virtue of section 400 of the Companies Act 2006. These financial statements therefore present information about the company as an individual undertaking and not about its group.

1.2 Cash flow

The company, being a subsidiary undertaking where 90% or more of the voting rights are controlled within the group whose consolidated financial statements are publicly available, is exempt from the requirement to draw up a cash flow statement in accordance with FRS 1.

1.3 Turnover

Turnover comprises revenue recognised by the company in respect of goods and services supplied. Revenue is measured at fair value of the consideration received including landfill tax where appropriate, and exclusive of trade discounts, rebates, Value Added Tax and other sales taxes or duty.

1.4 Investments

Investments held as fixed assets are shown at cost less provision for impairment.

1.5 Intangible fixed assets and amortisation

Goodwill is the difference between amounts paid on the acquisition of a business and the fair value of the identifiable assets and liabilities. It is amortised to the Profit and loss account over its estimated economic life.

1.6 Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost or valuation less depreciation. Depreciation is provided at rates calculated to write off the cost or valuation of fixed assets, less their estimated residual value, over their expected useful lives on the following bases:

Freehold property - mineral and landfill	-	On the basis of airspace used and minerals extracted
Freehold property	-	40 - 60 years, straight line
Leasehold property	-	Lease term, straight line
Plant & machinery	-	3 - 30 years, straight line
Motor vehicles	-	3 - 10 years, straight line
Fixtures & fittings	-	3 - 5 years, straight line
Assets under construction	-	Depreciation commences upon completion of asset

1.7 Revaluation of tangible fixed assets

As permitted by the transitional provisions of FRS 15, the company has elected not to adopt a policy of revaluation of tangible fixed assets. The company will retain the book value of land and buildings, previously revalued at 1 April 1998 and will not update that valuation.

1. Accounting policies (continued)

1.8 Operating leases

Rentals under operating leases are charged to the Profit and loss account on a straight line basis over the lease term.

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight line basis over the period until the date the rent is expected to be adjusted to the prevailing market rate.

1.9 Stocks

Stocks are valued at the lower of cost and net realisable value after making due allowance for obsolete and slow-moving stocks. Cost includes all direct costs and an appropriate proportion of fixed and variable overheads.

1.10 Taxation

Current 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 have occurred at that date that will result in an obligation to pay more, or a right to pay less or to receive more tax, with the following exceptions:

- provision is made for tax gains arising from the revaluation (and similar fair value adjustments) of fixed assets, and gains on disposal of fixed assets that have been rolled over into replacement assets, only to the extent that, at the balance sheet date, there is a binding arrangement to dispose of the assets concerned. However, no provision is made where, on the basis of all available evidence at the balance sheet date, it is more likely than not that the taxable gain will be rolled over into replacement assets and charged to tax only where the replacement assets are sold;

- deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which future reversal of the underlying timing differences can be deducted.

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the period in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

1.11 Pensions

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

1. Accounting policies (continued)

1.12 Provisions for environmental and landfill costs and landfill gas revenues

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

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

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

Post-closure provisions have been shown at net present value. The current cost estimated has been inflated at 2.90% *(2012 - 2.90%)* and discounted by between 4.04% and 5.76% *(2012 - 4.04% and 5.76%).* The unwinding of the discount element is shown in the financial statements as a financial item.

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

The company provides for both closure and post-closure costs as the permitted airspace is used. In accordance with Financial Reporting Standard 12 "Provisions, Contingent Liabilities and Contingent Assets", full provision has been made for the company's minimum unavoidable costs.

1.13 Impairment of fixed assets

The directors evaluate the company's tangible and intangible fixed assets for impairment where events or circumstances indicate that the carrying value of such assets may not be recoverable. When such evaluations indicate that the carrying value of an asset exceeds its recoverable value, an impairment is recorded.

2. Turnover

The whole of the turnover is attributable to the one principal activity of the company being the provision of waste treatment and disposal facilities.

All turnover arose within the United Kingdom.

Notes to the financial statements
for the year ended 31 December 2013

3. Operating profit

The operating profit is stated after charging:

	2013 £000	*2012 £000*
Depreciation of tangible fixed assets:		
- owned by the company	859	*1,192*
Operating lease rentals - hire of plant and machinery	-	*41*
Operating lease rentals - land and buildings	606	*586*

During the year, no director received any emoluments *(2012 - £NIL)* for services to this company.

For the year ended 31 December 2013 and the prior year, auditors' remuneration was borne by a fellow group company.

4. Staff costs

Staff costs were as follows:

	2013 £000	*2012 £000*
Wages and salaries	886	*933*
Social security costs	95	*107*
Other pension costs	23	*13*
	1,004	*1,053*

All employees are employed by SITA UK Limited and paid by SITA Holdings UK Limited. Costs are then recharged to the company.

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

	2013 No.	*2012 No.*
Operational	30	*24*
Administration & management	3	*7*
	33	*31*

5. Interest receivable

	2013 £000	*2012 £000*
Interest receivable from group companies	327	*334*
Other interest receivable	-	*27*
	327	*361*

Notes to the financial statements
for the year ended 31 December 2013

6. Interest payable

	2013 £000	2012 £000
Discount on provisions	567	567

7. Exceptional items

	2013 £000	2012 £000
Profit on disposal of tangible fixed assets	(29)	27
Impairment of intangible fixed assets (note 20)	(4,159)	-
	(4,188)	27

8. Taxation

	2013 £000	2012 £000
Analysis of tax charge/(credit) in the year		
Current tax (see note below)		
UK corporation tax credit on (loss)/profit for the year	(151)	(247)
Adjustments in respect of prior periods	225	(417)
Total current tax	74	(664)
Deferred tax		
Origination and reversal of timing differences	370	566
Adjustments in respect of prior periods	(296)	241
Total deferred tax (see note 15)	74	807
Tax on (loss)/profit on ordinary activities	148	143

8. Taxation (continued)

Factors affecting tax charge for the year

The tax assessed for the year is higher than *(2012 - lower than)* the standard rate of corporation tax in the UK of 23.25% *(2012 - 24.5%)*. The differences are explained below:

	2013 £000	*2012* *£000*
(Loss)/profit on ordinary activities before tax	(4,193)	*562*
(Loss)/profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 23.25% *(2012 - 24.5%)*	(975)	*138*
Effects of:		
Non-tax deductible amortisation of goodwill and impairment	1,335	-
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	(63)	*26*
Capital allowances for year in excess of depreciation	16	*(169)*
Adjustments to tax charge in respect of prior periods	225	*(417)*
Short term timing difference leading to an increase (decrease) in taxation	(44)	-
Dividends from UK companies	(420)	*(242)*
Current tax charge/(credit) for the year (see note above)	74	*(664)*

Factors that may affect future tax charges

The UK corporation tax rate decreased from 24% to 23% from 1 April 2013. The impact on the current year's tax charge is shown above.

Further reductions to the UK corporation tax rate have been announced that will have an effect on future tax charges. The change in the corporation tax rate to 20% from 1 April 2015 had been enacted at the balance sheet date and the deferred tax balance has been adjusted to reflect this change (note 15).

9. Intangible fixed assets

	Goodwill £000
Cost	
At 1 January 2013	-
Additions	4,159
At 31 December 2013	4,159
Amortisation	
At 1 January 2013	-
Impairment charge	4,159
At 31 December 2013	4,159
Net book value	
At 31 December 2013	-
At 31 December 2012	-

SITA Environment Limited

Notes to the financial statements
for the year ended 31 December 2013

10. Tangible fixed assets

	Land & Buildings £000	Plant & machinery £000	Motor vehicles £000	Fixtures & fittings £000	Assets under construction £000	Total £000
Cost or valuation						
At 1 January 2013	44,894	5,842	26	11	52	50,825
Additions	137	73	-	-	125	335
Transfers intra group	1,829	(252)	-	2	-	1,579
Disposals	(23)	(85)	-	-	-	(108)
Transfer between classes	75	48	-	-	(123)	-
Purchase of trade and assets	1,564	47	-	3	165	1,779
At 31 December 2013	48,476	5,673	26	16	219	54,410
Depreciation						
At 1 January 2013	43,834	3,446	20	11	-	47,311
Charge for the year	479	374	5	1	-	859
Transfers intra group	-	(59)	-	-	-	(59)
On disposals	(19)	(9)	-	-	-	(28)
Transfer between classes	19	(19)	-	-	-	-
Purchase of trade and assets	823	46	-	3	-	872
At 31 December 2013	45,136	3,779	25	15	-	48,955
Net book value						
At 31 December 2013	3,340	1,894	1	1	219	5,455
At 31 December 2012	*1,060*	*2,396*	*6*	-	*52*	*3,514*

The net book value of land and buildings may be analysed as follows:

	2013 £000	*2012 £000*
Freehold property - mineral and landfill	167	*105*
Freehold property - other	2,692	*540*
Short leasehold property	94	*89*
Long leasehold property	378	-
Landfill & quarry engineering	9	*326*
	3,340	*1,060*

Cost or valuation at 31 December 2013 is as follows:

	Land and buildings £000
At cost	**44,303**
At valuation:	
1 April 1998, open market basis	**4,173**
	48,476

If the land and buildings had not been included at valuation they would have been included under the historical cost convention as follows:

	2013 £000	*2012 £000*
Cost	**44,303**	*40,721*
Accumulated depreciation	**(41,617)**	*(40,315)*
Net book value	**2,686**	*406*

11. Fixed asset investments

	Investments in subsidiary companies £000	Other fixed asset investments £000	Total £000
Cost or valuation			
At 1 January 2013 and 31 December 2013	**6,661**	**1**	**6,662**
Impairment			
At 1 January 2013	**4,194**	-	**4,194**
Charge for the year	**1,579**	-	**1,579**
At 31 December 2013	**5,773**	-	**5,773**
Net book value			
At 31 December 2013	**888**	**1**	**889**
At 31 December 2012	*2,467*	*1*	*2,468*

11. Fixed asset investments (continued)

Subsidiary undertakings

The following were subsidiary undertakings of the company:

Name	Holding
Dorset Waste Management Limited	100 %
Wareham Ball Clay Company Limited	100 %
Drinkwater Sabey CWD Limited	100 %
Ebenezer Mears & Son Limited	100 %
F. Avann Limited	100 %
Sands & Gravels (Standlake) Limited	100 %
SHUKCO 301 Limited	100 %
Drinkwater Sabey Limited *	100 %

* held via a subsidiary.

All of the above companies are registered in England & Wales.

Dorset Waste Management Limited is involved in the UK waste management industry whilst Wareham Ball Clay Company Limited engages in the extraction of minerals. The other subsidiary entities are dormant.

12. Stocks

	2013	*2012*
	£000	*£000*
Raw materials	**18**	*20*

The difference between the carrying value of stock and its replacement cost is not material.

13. Debtors falling due within one year

	2013	*2012*
	£000	*£000*
Amounts owed by group undertakings	**63,395**	*67,803*
Corporation tax recoverable	**135**	*247*
Prepayments and accrued income	**767**	*571*
Deferred tax asset (see note 15)	**2,286**	*1,676*
	66,583	*70,297*

14. Creditors: Amounts falling due within one year

	2013 £000	*2012 £000*
Other taxation and social security	452	*579*
Accruals and deferred income	2,023	*2,136*
	2,475	*2,715*

15. Deferred tax asset

	2013 £000	*2012 £000*
At beginning of year	1,676	*2,483*
Charged for year (P&L)	(74)	*(807)*
Purchase of trade and assets	684	-
At end of year	2,286	*1,676*

The deferred tax asset is made up as follows:

	2013 £000	*2012 £000*
Accelerated capital allowances	1,412	*792*
Timing differences on environmental and landfill provisions	874	*884*
	2,286	*1,676*

16. Provisions

	Environmental and landfill costs £000
At 1 January 2013	13,305
Additions	474
Amounts used	(1,466)
Purchase of trade and assets	1,742
Unwinding of discount	567
At 31 December 2013	14,622

Environmental and landfill costs

The provision for environmental and landfill costs has been calculated in accordance with the accounting policy set out in note 1.12. The closure costs will be incurred prior to and during the closure of the company's landfill sites, whilst the post closure provision will be utilised over the 30 years thereafter.

SITA Environment Limited

Notes to the financial statements
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17. Share capital

	2013 £000	*2012* *£000*
Allotted, called up and fully paid		
1,000 ordinary shares of £1 each	**1**	*1*

18. Reserves

	Revaluation reserve £000	Profit and loss account £000
At 1 January 2013	**147**	**60,319**
Loss for the financial year	-	**(4,341)**
At 31 December 2013	**147**	**55,978**

19. Reconciliation of movement in shareholders' funds

	2013 £000	*2012* *£000*
Opening shareholders' funds	**60,467**	*60,048*
(Loss)/profit for the financial year	**(4,341)**	*419*
Closing shareholders' funds	**56,126**	*60,467*

20. Acquisitions

On 31 December 2013, SITA Environment Limited purchased the trade and assets/ liabilities of Dorset Waste Management Limited and Wareham Ball Clay Company Limited, both companies within the SITA Group within the UK. This transaction was satisfied through SITA Environment Limited's intercompany account.

The assets/ liabilities purchased are summarised as follows:

	Dorset Waste Management Limited £000	Wareham Ball Clay Company Limited £000	Total £000
Tangible fixed assets	742	165	**907**
Cash	90	-	**90**
Debtors	3,060	766	**3,826**
Creditors	(21)	(4,473)	**(4,494)**
Provisions	(1,124)	(617)	**(1,741)**
	2,747	**(4,159)**	**(1,412)**
Consideration	**2,747**	-	**2,747**

The goodwill of £4,159,000 generated upon the purchase of the trade and assets from Wareham Ball Clay Company Limited has been impaired through the company's profit and loss account in the year ended 31 December 2013 due to the net liabilities position of this company at the time of the acquisition.

21. Contingent liabilities

The company has provided unsecured guarantees to third parties in respect of restoration and performance bonds. At 31 December 2013, guarantees outstanding amounted to £4,446,000 *(2012 - £3,622,000).*

22. Capital commitments

At 31 December 2013 the company had capital commitments as follows:

	2013	*2012*
	£000	*£000*
Contracted for but not provided in these financial statements	141	-

23. Pension commitments

The company operates a defined contributions pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension cost charge represents contributions payable by the company to the fund and amounted to £23,000 *(2012 - £13,000).*

24. Operating lease commitments

At 31 December 2013 the company had annual commitments under non-cancellable operating leases as follows:

	Land and buildings		Other	
	2013	*2012*	2013	*2012*
	£000	*£000*	£000	*£000*
Expiry date:				
Within 1 year	-	-	-	*27*
Between 2 and 5 years	500	-	-	-
After more than 5 years	106	*606*	-	-

25. Related party transactions

Under the provisions of Financial Reporting Standard 8, the company is not required to disclose details of related party transactions with Group entities as it is a wholly owned subsidiary, and the consolidated financial statements in which the company results are included are available to the public.

26. Ultimate parent undertaking and controlling party

At the year end the ultimate parent undertaking was Suez Environnement SAS, a company incorporated in France.

The largest group of which SITA Environment Limited is a member and for which group financial statements are drawn up is that headed by Suez Environnement SAS, whose consolidated financial statements are available from Tour CB21, 16 Place de L'Iris, 92040 Paris La Defense Cedex, France. The smallest such group is that headed by SITA Holdings UK Limited, a company registered in England & Wales. The consolidated financial statements of the SITA Holdings UK Limited Group may be obtained from SITA House, Grenfell Road, Maidenhead, Berkshire, SL6 1ES.

In the opinion of the directors, SITA Holdings UK Limited controls the company as a result of controlling 100% of the issued share capital of SITA Environment Limited. At the year end Suez Environnement SAS was the ultimate controlling party, being the ultimate controlling party of SITA Holdings UK Limited.