

Registered number: 01420998

SUEZ RECYCLING AND RECOVERY PACKINGTON LIMITED

Annual report and financial statements

FOR THE YEAR ENDED 31 DECEMBER 2018

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SUEZ RECYCLING AND RECOVERY PACKINGTON LIMITED

COMPANY INFORMATION

Director	F Duval
Company secretary	J Knight
Registered number	01420998
Registered office	Suez House Grenfell Road Maidenhead Berkshire SL6 1ES
Independent auditor	Mazars LLP Tower Bridge House St Katharine's Way London E1W 1DD

SUEZ RECYCLING AND RECOVERY PACKINGTON LIMITED

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SUEZ RECYCLING AND RECOVERY PACKINGTON LIMITED

STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2018

Business review

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

	2018	2017	
	£000	£000	Change
Turnover	7,723	8,264	-7%
Operating profit	1,652	1,081	53%
Profit for the year	1,723	1,103	56%
Shareholders' funds - equity	63,079	61,356	3%
Current assets as a % of current liabilities	7361%	9146%	

Decrease in turnover is as a result of reduced in waste disposal revenue.

Operating profit has increased as a result of more favourable movements in the environmental provisions compared to last year.

Shareholders funds have increased as a result of the profit retained in the year.

Impact of Brexit

The potential impact of Brexit has been considered and the directors are of the opinion that no significant impact is expected to be felt.

Principal risks and uncertainties

The SUEZ 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 SUEZ 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 SUEZ Group the preferred employer in the waste management sector through its employment policies.

SUEZ RECYCLING AND RECOVERY PACKINGTON LIMITED

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

Competitive risks

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

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

Legislative risks

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

Health and safety risks

The SUEZ 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 SUEZ 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.

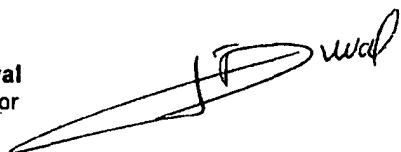
Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. Group policies are aimed at minimising such losses, and require that deferred terms are only granted to customers who demonstrate an appropriate payment 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 30/09/2019

and signed on its behalf.

F Duval
Director



SUEZ RECYCLING AND RECOVERY PACKINGTON LIMITED

**DIRECTOR'S REPORT
FOR THE YEAR ENDED 31 DECEMBER 2018**

The director presents his report and the financial statements for the year ended 31 December 2018.

Principal activity

The company's principal activity during the year was the provision of waste disposal facilities at the Packington landfill site. The company operates as part of the Recycling and Recovery division of the SUEZ Recycling and Recovery Holdings UK Limited Group ("SUEZ Group"), the United Kingdom waste management business of SUEZ SA.

Results and dividends

The profit for the year, after taxation, amounted to £1,723,000 (2017 - £1,103,000).

The directors do not recommend payment of a dividend (2017 - £Nil).

Director

The director who served during the year was:

F Duval

No director who held office on 31 December 2018 had an interest in the company's shares either during the financial year or at 31 December 2018.

Going concern

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

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.

SUEZ RECYCLING AND RECOVERY PACKINGTON LIMITED

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

Environmental matters

The Company will seek to minimise adverse impacts on the environment from its activities, whilst continuing to address health, safety and economic issues. The Company has complied with all applicable legislation and regulations.

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 2018 the SUEZ R&R UK Group:

- Recycled and recovered 4,101,546 tonnes of the material we handled;
- Generated 1,601,739.02 megawatt hours of electricity from our landfill gas and energy-from-waste facilities;
- 70,841 tonnes of compost produced;
- A 1% increase in Greenhouse Gas (GHG) emissions from vehicles on the previous year;
- Electricity produced increased by 14% from non-hazardous waste incineration;
- There has been a 26% decrease of waste disposed in non-hazardous waste landfills (includes municipal, I&C, Sludge and other inputs, excludes inert);
- There has been a 2% increase in the amount of fuel used for collection vehicles;
- Waste prepared for Energy Recovery as Solid Recovered Fuels (SRF) produced from wood has decreased by 7%;

Future developments

The directors expect for the company to continue to trade profitably through the remaining life of the landfill site as well as through the operation of the composting facility and wood pad.

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.

Matters covered in the strategic report

The Companies Act 2006 (Strategic Report and Directors' Report) Regulations 2013, where mandatory disclosures in the Directors' report are considered by the directors to be of strategic importance, these may be contained in the Strategic report, provided that the Directors' report contains information stating that it has been placed there. These matters relate to financial instrument risk.

SUEZ RECYCLING AND RECOVERY PACKINGTON LIMITED

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

Director's responsibilities statement

The director is responsible for preparing the Strategic report, the Director's report and the financial statements in accordance with applicable law and regulations.

Company law requires the director to prepare financial statements for each financial year. Under that law the director has elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 101 'Reduced Disclosure Framework'. Under company law the director must not approve the financial statements unless he is 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 director is required to:

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

The director is responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and to enable him to ensure that the financial statements comply with the Companies Act 2006. He is 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.

Disclosure of information to auditor

The director at the time when this Director's report is approved has confirmed that:

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

Post balance sheet events

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

Auditor

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

This report was approved by the board on 30/09/2019 and signed on its behalf.

F Duval
Director



SUEZ RECYCLING AND RECOVERY PACKINGTON LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBER OF SUEZ RECYCLING AND RECOVERY PACKINGTON LIMITED

Opinion

We have audited the financial statements of SUEZ Recycling and Recovery Packington Limited (the 'Company') for the year ended 31 December 2018, which comprise the Statement of comprehensive income, the Statement of financial position, the Statement of changes in equity, and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 101 'Reduced Disclosure Framework' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2018 and of its profit 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.

Basis for opinion

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

The impact of uncertainties due to the United Kingdom exiting the European Union on our audit

The Directors' view on the impact of Brexit is disclosed on page 1.

The terms on which the United Kingdom may withdraw from the European Union, currently due to occur on 31 October 2019, are not clear, and it is therefore not currently possible to evaluate all the potential implications to the Company's trade, customers, suppliers and the wider economy.

We considered the impact of Brexit on the Company as part of our audit procedures, applying a standard firm wide approach in response to the uncertainty associated with the company's future prospects and performance.

However, no audit should be expected to predict the unknowable factors or all possible implications for the Company and this is particularly the case in relation to Brexit.

SUEZ RECYCLING AND RECOVERY PACKINGTON LIMITED

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBER OF SUEZ RECYCLING AND RECOVERY
PACKINGTON LIMITED (CONTINUED)**

Conclusions relating to going concern

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

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

Other information

The director is 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 this regard.

Opinion on other matters prescribed by the Companies Act 2006

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

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

SUEZ RECYCLING AND RECOVERY PACKINGTON LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBER OF SUEZ RECYCLING AND RECOVERY PACKINGTON LIMITED (CONTINUED)

Matters on which we are required to report by exception

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

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

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

Responsibilities of directors

As explained more fully in the Director's responsibilities statement on page 5, the director is 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 director determines 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 director is 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 director either intends to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

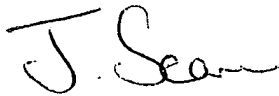
A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

SUEZ RECYCLING AND RECOVERY PACKINGTON LIMITED

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBER OF SUEZ RECYCLING AND RECOVERY
PACKINGTON LIMITED (CONTINUED)**

Use of the audit report

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.



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: 30 September 2019

SUEZ RECYCLING AND RECOVERY PACKINGTON LIMITED

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

	Note	2018 £000	2017 £000
Turnover	4	7,723	8,264
Cost of sales		(5,315)	(6,553)
Gross profit		2,408	1,711
Administrative expenses		(756)	(630)
Operating profit	5	1,652	1,081
Interest receivable and similar income	7	433	288
Profit before tax		2,085	1,369
Tax on profit	8	(362)	(266)
Profit for the financial year		1,723	1,103
Total comprehensive income for the year		1,723	1,103

All amounts are attributable to continuing operations.

SUEZ RECYCLING AND RECOVERY PACKINGTON LIMITED
REGISTERED NUMBER: 01420998

STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2018

	Note	2018 £000	2017 £000
Fixed assets			
Tangible assets	9	4,689	5,349
		<u>4,689</u>	<u>5,349</u>
Current assets			
Stocks	10	2	26
Debtors: amounts falling due within one year	11	59,330	56,862
		<u>59,332</u>	<u>56,888</u>
Creditors: amounts falling due within one year	12	(806)	(622)
Net current assets		<u>58,526</u>	<u>56,266</u>
Total assets less current liabilities		<u>63,215</u>	<u>61,615</u>
Provisions for liabilities			
Deferred taxation	14	(136)	(175)
Other provisions	15	-	(84)
		<u>(136)</u>	<u>(259)</u>
Net assets		<u>63,079</u>	<u>61,356</u>
Capital and reserves			
Called up share capital	16	-	-
Profit and loss account	17	63,079	61,356
Shareholder's funds equity		<u>63,079</u>	<u>61,356</u>

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

30/03/2019

F Duval
 Director

The notes on pages 13 to 29 form part of these financial statements.

SUEZ RECYCLING AND RECOVERY PACKINGTON LIMITED

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

	Called up share capital £000	Profit and loss account £000	Total equity £000
At 1 January 2018	-	61,356	61,356
Comprehensive income for the year			
Profit for the year	-	1,723	1,723
Other comprehensive income for the year	-	-	-
Total comprehensive income for the year	-	1,723	1,723
Total transactions with owners	-	-	-
At 31 December 2018	-	63,079	63,079

The notes on pages 13 to 29 form part of these financial statements.

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2017**

	Called up share capital £000	Profit and loss account £000	Total equity £000
At 1 January 2017	-	60,253	60,253
Comprehensive income for the year			
Profit for the year	-	1,103	1,103
Other comprehensive income for the year	-	-	-
Total comprehensive income for the year	-	1,103	1,103
Total transactions with owners	-	-	-
At 31 December 2017	-	61,356	61,356

The notes on pages 13 to 29 form part of these financial statements.

SUEZ RECYCLING AND RECOVERY PACKINGTON LIMITED

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

1. General information

SUEZ Recycling and Recovery Packington Limited is a private limited company incorporated, domiciled and registered in England & Wales, United Kingdom. These financial statements cover the individual entity. The address of its registered office and principal place of business is SUEZ House, Grenfell Road, Maidenhead, Berkshire SL6 1ES. The Company's registration number is 01420998.

The company's principal activity during the year was the provision of waste disposal facilities at the Packington landfill site.

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.

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

The smallest Group in which the Company is incorporated into is SUEZ Recycling and Recovery Holdings UK Limited and the largest is SUEZ SA. The consolidated financial statements of SUEZ SA may be obtained from Tour CB21, 16 Place de L'Iris, 92040 Paris La Defense Cedex, France.

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

2. Accounting policies

2.1 Basis of preparation of financial statements

These financial statements have been prepared in accordance with Financial Reporting Standard 101 'Reduced Disclosure Framework' (FRS 101) and the Companies Act 2006. The recognition, measurement and disclosure requirements of International Financial Reporting Standard as adopted by the EU (EU adopted IFRS) have been applied to these financial statements and, where necessary, amendments have been made in order to comply with the Companies Act 2006 and The Large and Medium sized Companies and Groups Regulations 2008/410 ('Regulations').

These financial statements have been prepared under the historical costs convention.

The preparation of financial statements in compliance with FRS 101 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the company's accounting policies (see note 3).

SUEZ RECYCLING AND RECOVERY PACKINGTON LIMITED

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

2. Accounting policies (continued)

2.2 Financial reporting standard 101 - reduced disclosure exemptions

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

- the requirements of IFRS 7 Financial Instruments: Disclosures.
- the requirements of paragraphs 91-99 of IFRS 13 Fair Value Measurement.
- the requirement in paragraph 38 of IAS 1 'Presentation of Financial Statements' to present comparative information in respect of:
 - paragraph 79(a)(iv) of IAS 1;
 - paragraph 73(e) of IAS 16 Property, Plant and Equipment; and
 - paragraph 118(e) of IAS 38 Intangible Assets.
- the requirements of paragraphs 10(d), 10(f), 16, 38A, 38B, 38C, 38D, 40A, 40B, 40C, 40D, 111 and 134-136 of IAS 1 Presentation of Financial Statements.
- the requirements of IAS 7 Statement of Cash Flows.
- the requirements of paragraphs 30 and 31 of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors.
- the requirements of paragraph 17 of IAS 24 Related Party Disclosures.
- 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.
- the requirements of paragraphs 134(d)-134(f) and 135(c)-135(e) of IAS 36 Impairment of Assets.
- the requirements of paragraphs 6 to 21 of IFRS 1 First-time adoption of International Financial Reporting.
- The requirements of the second sentence of paragraph 110 and paragraphs 113(a), 114, 115, 118, 119(a) to (c), 120 to 127 and 129 of IFRS 15 Revenue from Contracts with Customers.

The company has NOT taken advantage of the following disclosure exemptions under FRS 101:

- the requirements of paragraphs 45(b) and 46-52 of IFRS 2 Share based payment
- 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
- the requirements of paragraph 33(c) of IFRS 5 Non Current Assets Held For Sale and Discontinued Operations
- the requirement in paragraph 38 of IAS 1 'Presentation of Financial Statements' to present comparative information in respect of:
 - paragraphs 76 and 79(d) of IAS 40 Investment Property; and
 - paragraph 50 of IAS 41 Agriculture.

SUEZ RECYCLING AND RECOVERY PACKINGTON LIMITED

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

2. Accounting policies (continued)

2.3 Going concern

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

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.

2.4 Revenue

Revenue arising from the handling and disposal of waste is recognised on receipt of the waste by the Company.

Revenue from the sale of recyclate materials is recognised, based on contractually agreed prices, when the risks and rewards have passed to the buyer, can be reliably measured and the recovery of the consideration is probable.

Revenue arising on generation of electricity and gas is recognised as the energy is generated.

2.5 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following basis:

Freehold property - landfill	- On the basis of airspace used
Landfill engineering	- On the basis of airspace used
Long leasehold Property	- Lease term, straight line
Plant & machinery	- 3 - 20 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

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the Statement of comprehensive income.

SUEZ RECYCLING AND RECOVERY PACKINGTON LIMITED

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

2. Accounting policies (continued)**2.6 Revaluation of tangible fixed assets**

As is permitted under the transitional provisions of Financial Reporting Standard 101 'Reduced Disclosure Framework' (FRS 101), the company has not revalued its tangible fixed assets. The company will retain the book value of land and buildings previously valued at 1 April 1998, and will not update that valuation.

2.7 Stocks

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

2.8 Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

2.9 Financial instruments

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

Financial assets

The Company classifies all of its financial assets as loans and receivables.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise principally through the provision of goods and services to customers (e.g. trade receivables), but also incorporate other types of contractual monetary asset. They are initially recognised at fair value plus transaction costs that are directly attributable to their acquisition or issue, and are subsequently carried at amortised cost using the effective interest rate method, less provision for impairment.

Impairment provisions are established based on the lifetime expected loss model. The amount of any provision is recognised in profit and loss.

SUEZ RECYCLING AND RECOVERY PACKINGTON LIMITED

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

2. Accounting policies (continued)

2.9 Financial instruments (continued)

Financial liabilities

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

At amortised cost

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

2.10 Creditors

Creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers.

Creditors are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

2.11 Finance costs

Finance costs are charged to the Statement of comprehensive income over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

2.12 Pensions

Defined contribution pension plan

The Company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity. Once the contributions have been paid the Company has no further payments obligations.

The company participates in SUEZ Recycling and Recovery UK Group defined benefit pension schemes and the pension charge is based on full actuarial valuations dated between 01 April 2015 and 06 April 2016. These are schemes under common control, the assets and liabilities of which are held separately from the Group. The company is unable to identify its share of the underlying assets and liabilities of the schemes and accordingly accounts for the schemes as if they were defined contribution schemes.

2.13 Interest income

Interest income is recognised in the Statement of comprehensive income using the effective interest method.

SUEZ RECYCLING AND RECOVERY PACKINGTON LIMITED

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

2. Accounting policies (continued)

2.14 Provisions for liabilities

Provisions are made where an event has taken place that gives the Company a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to the Statement of comprehensive income in the year that the Company becomes aware of the obligation, and are measured at the best estimate at the Statement of financial position date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Statement of financial position.

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 2.34% (2017 - 2.9%) and discounted by 6.39% (2017 - 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.

SUEZ RECYCLING AND RECOVERY PACKINGTON LIMITED

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

2. Accounting policies (continued)

2.15 IFRSs adopted in these financial statements

The adoption of the following mentioned standards, amendments and interpretations in the current year have not had a material impact on the Company's financial statements for the year ended 31 March 2019:

- IFRS 9 'Financial Instruments' (mandatory from period beginning on or after 1 January 2018). The company has no past record of recognising impairment losses on trade receivables. Based on all information available (including current and forward-looking information), the Company envisages a nil probability of any default occurring during the next 12 months. Therefore, there is no impact from IFRS 9.
- IFRS 15 'Revenue from Contracts with Customers' (mandatory from period beginning on or after 1 January 2018). The company's recognition of revenue from Contracts with Customers has not been changed from the adoption of IFRS 15.

2.16 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in the Income statement, except that a change attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

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

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Statement of financial position date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

SUEZ RECYCLING AND RECOVERY PACKINGTON LIMITED

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

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

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

The key estimates used by the Company in preparing the Financial Statements relate mainly to:

- Landfill provisions – The post closure costs associated with environmental control after landfill sites close are uncertain. The key factors are the volumes of leachate requiring treatment, the amount of landfill gas produced by the site and the amounts of electricity income this can generate, the speed at which the waste decomposes and other requirements set out by the environmental regulator. The provision requirement is reviewed and updated, if required, on an annual basis. The provisions are recognised in the financial statements at net present value using a discounted rate estimated by management to reflect the time value of money.
At 31 December 2018 the company's landfill provisions were £Nil (2017:£0.08m) (Note 16)

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

4. Turnover

An analysis of turnover by class of business is as follows:

	2018 £000	2017 £000
Waste disposal	1,975	3,218
Sale of recyclates	1,753	1,019
Generation of electricity	3,995	4,027
	<u>7,723</u>	<u>8,264</u>

All turnover arose within the United Kingdom.

If the services rendered by the company exceed the payment, a contract asset is recognised, if the payments exceed the services rendered a contract liability is recognised.

SUEZ RECYCLING AND RECOVERY PACKINGTON LIMITED

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

5. Operating profit

The operating profit is stated after charging:

	2018 £000	2017 £000
Depreciation of tangible fixed assets	915	891
Operating lease payments - land and buildings	-	27
Operating lease payments - other	70	73
Cost of stocks recognised as an expense	234	394
	<u> </u>	<u> </u>

For the year ended 31 December 2018 and the prior year, auditor's remuneration was borne by a fellow group company.

The company has taken advantage of the exemption not to disclose amounts paid for non audit services as these are disclosed in the group accounts of the parent company.

6. Employees

Staff costs were as follows:

	2018 £000	2017 £000
Wages and salaries	267	355
Social security costs	28	37
Cost of defined contribution scheme	21	24
	<u> </u>	<u> </u>
	316	416
	<u> </u>	<u> </u>

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

During the year, no director received any emoluments (2017 - £NIL)

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

	2018 No.	2017 No.
Operational	7	9
Admin	2	3
	<u> </u>	<u> </u>
	9	12
	<u> </u>	<u> </u>

SUEZ RECYCLING AND RECOVERY PACKINGTON LIMITED

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

7. Interest receivable

	2018	2017
	£000	£000
Interest receivable from group companies	433	288
	433	288

8. Taxation

	2018	2017
	£000	£000
Corporation tax		
Current tax on profits for the year	401	284
	401	284
Total current tax	401	284
Deferred tax		
Origination and reversal of timing differences	(39)	(18)
Total deferred tax	(39)	(18)
Taxation on profit on ordinary activities	362	266

SUEZ RECYCLING AND RECOVERY PACKINGTON LIMITED

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

8. Taxation (continued)**Factors affecting tax charge for the year**

The tax assessed for the year is higher than (2017 - *higher than*) the standard rate of corporation tax in the UK of 19% (2017 - 19.25%). The differences are explained below:

	2018 £000	2017 £000
Profit on ordinary activities before tax	2,085	1,369
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2017 - 19.25%)	396	264
Effects of:		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	(29)	-
Lower rate on deferred tax balances	(5)	2
Total tax charge for the year	362	266

Factors that may affect future tax charges

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 17% from 1 April 2020 had been enacted at the balance sheet date and the deferred tax balance has been adjusted to reflect this change.

SUEZ RECYCLING AND RECOVERY PACKINGTON LIMITED

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

9. Tangible fixed assets

	Land & Buildings £000	Plant & machinery £000	Motor vehicles £000	Fixtures & fittings £000	Asset under construct'n £000
Cost or valuation					
At 1 January 2018	38,232	15,104	29	32	417
Additions	6	92	-	20	137
Transfers intra group	-	406	-	-	(406)
At 31 December 2018	38,238	15,602	29	52	148
Depreciation					
At 1 January 2018	37,819	10,585	29	32	-
Charge for the year on owned assets	17	897	-	1	-
At 31 December 2018	37,836	11,482	29	33	-
Net book value					
At 31 December 2018	402	4,120	-	19	148
At 31 December 2017	413	4,519	-	-	417
					Total £000
Cost or valuation					
At 1 January 2018					53,814
Additions					255
Transfers intra group					-
At 31 December 2018					54,069
Depreciation					
At 1 January 2018					48,465
Charge for the year on owned assets					915
At 31 December 2018					49,380
Net book value					
At 31 December 2018					4,689
At 31 December 2017					5,349

SUEZ RECYCLING AND RECOVERY PACKINGTON LIMITED

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

9. Tangible fixed assets (continued)

Under previous UK GAAP the company carried land and buildings under the historic frozen valuation. Under IFRS 1 this has been used as deemed cost at the date of transition. Details of the historic valuation are noted below.

Cost or valuation at 31 December 2018 is as follows:

	Land and buildings £000
At cost	31,593
At valuation: 1998 by directors on open market basis	6,645
	<u>38,238</u>

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

	2018 £000	2017 £000
Cost	31,593	31,587
Accumulated depreciation	(31,191)	(31,174)
Net book value	<u>402</u>	<u>413</u>

10. Stocks

	2018 £000	2017 £000
Raw materials and consumables	2	26
	<u>2</u>	<u>26</u>

In the year ended 31 December 2018 £234,000 (2017: £394,000) was the amount of inventory recognised as an expense. £nil has been written down in the year (2017: £nil).

The difference between purchase price of stocks and their replacement cost is not material.

SUEZ RECYCLING AND RECOVERY PACKINGTON LIMITED

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

11. Debtors

	2018 £000	2017 £000
Amounts owed by group undertakings	57,901	55,948
Prepayments	-	98
Contract assets	1,429	816
	<u>59,330</u>	<u>56,862</u>

All amounts fall due within one year.

12. Creditors: Amounts falling due within one year

	2018 £000	2017 £000
Corporation tax	401	284
Accruals	405	338
	<u>806</u>	<u>622</u>

13. Financial instruments

	2018 £000	2017 £000
Financial assets		
Financial assets that are debt instruments measured at amortised cost	<u>59,330</u>	<u>56,764</u>
Financial liabilities		
Financial liabilities measured at amortised cost	<u>(405)</u>	<u>(338)</u>

Financial assets that are debt instruments measured at amortised cost comprise amounts owed by group undertakings and contract asset.

Financial liabilities measured at amortised cost comprise accruals.

SUEZ RECYCLING AND RECOVERY PACKINGTON LIMITED

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

14. Deferred taxation

	2018 £000	2017 £000
At beginning of year	(175)	(193)
Charged to profit or loss	39	18
At end of year	(136)	(175)

The provision for deferred taxation is made up as follows:

	2018 £000	2017 £000
Accelerated capital allowances	(136)	(179)
Other timing differences	-	4
	(136)	(175)

15. Provisions

	Environment al and landfill costs £000
At 1 January 2018	84
Charged to profit or loss	22
Change in assumption	(233)
Utilised in year	127
At 31 December 2018	-

16. Share capital

	2018 £	2017 £
Allotted, called up and fully paid		
100 (2017 - 100) ordinary shares of £1.00 each	100	100

These shares carry no rights to fixed income nor have any preferences or restrictions attached on them.

SUEZ RECYCLING AND RECOVERY PACKINGTON LIMITED

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

17. Reserves

Profit & loss account

Profit & Loss account is distributable reserves made up of retained earnings.

18. 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 £9,000 (2017 - £24,000).

The Company operates a Defined benefit pension scheme. However, the scheme is a multiple employer scheme and the Company is unable to identify its share of the underlying assets and liabilities.

There is no contractual arrangement or policy for charging the net benefit costs between the entities who participate in the scheme. The company has therefore recorded the contributions paid to the scheme as a charge to the income statement. Pension contributions are determined with the advice of independent qualified actuaries. The levels or contributions are based on the current service costs and the expected future cash flows of the defined benefit scheme.

The company participates in SUEZ R&R UK Group defined benefit pension schemes and the pension charge is based on full actuarial valuations dated between 01 April 2015 and 06 April 2016. These are schemes under common control, the assets and liabilities of which are held separately from the Group. There is no contractual arrangement or policy for charging the net benefit costs between the entities who participate in the scheme. The company has therefore recorded the contributions paid to the scheme as a charge to the income statement. Pension contributions are determined with the advice of independent qualified actuaries. The levels or contributions are based on the current service costs and the expected future cash flows of the defined benefit scheme.

The assets in the Group schemes are measured at their fair value at the balance sheet date and overall expected rates of return are established by the directors following discussions with the Group's actuary. The liabilities in the scheme are measured on an actuarial basis using the projected unit method. The net liability of the UK schemes as disclosed in the consolidated accounts of the UK parent company, SUEZ R&R Holdings UK Limited, at 31st December 2018 is £10,595,000 (2017: £13,640,000).

The pension cost charge represents contributions payable by the company to the funds and amounted to £12,000 (2017 - £Nil). It is not anticipated that future pension cost charges in SUEZ Recycling and Recovery Lancashire Limited will increase significantly because of the net liability in the Group pension schemes. The total amount expected to be contributed by the SUEZ R&R Holdings UK Limited Group to the schemes in 2019 is £2,265,000 (2018 contributions - £2,769,000).

SUEZ RECYCLING AND RECOVERY PACKINGTON LIMITED

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

19. Commitments under operating leases

At 31 December 2018 the Company had future minimum lease payments under non-cancellable operating leases as follows:

	2018 £000	2017 £000
Land and buildings		
Not later than 1 year	-	27
Later than 1 year and not later than 5 years	-	107
Later than 5 years	-	507
	<u>-</u>	<u>641</u>
	2018 £000	2017 £000
Other		
Not later than 1 year	70	73
Later than 1 year and not later than 5 years	11	64
	<u>81</u>	<u>137</u>

20. Controlling party

At the year end the ultimate parent undertaking was SUEZ SA, a company incorporated in France.

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

In the opinion of the directors, SUEZ Recycling and Recovery Holdings UK Limited controls the company as a result of controlling 100% of the issued share capital of SUEZ Recycling and Recovery Packington Limited. At the year end SUEZ SA was the ultimate controlling party, being the ultimate controlling party of SUEZ Recycling and Recovery Holdings UK Limited.