

Registered number: 01420998

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**SUEZ RECYCLING AND RECOVERY PACKINGTON LIMITED**

**(Formerly known as SHUKCO 346 LIMITED)**

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**Annual report and financial statements**

**FOR THE YEAR ENDED 31 DECEMBER 2017**



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**SUEZ RECYCLING AND RECOVERY PACKINGTON LIMITED**

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**COMPANY INFORMATION**

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

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**SUEZ RECYCLING AND RECOVERY PACKINGTON LIMITED**

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## SUEZ RECYCLING AND RECOVERY PACKINGTON LIMITED

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### STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2017

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#### Business review

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

	2017	2016	
	£000	£000	Change
Turnover	8,264	9,460	-13%
Operating profit	1,081	9,119	-88%
Profit for the year	1,103	7,085	-84%
Shareholders' funds - equity	61,356	60,253	2%
Current assets as a % of current liabilities	9146%	3634%	

Decrease in turnover is as a result of electricity income reduction due to the overhaul of turbines.

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

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

#### 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.

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## SUEZ RECYCLING AND RECOVERY PACKINGTON LIMITED

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### STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2017

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#### *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.

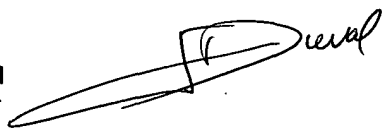
Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. Group policies are aimed at minimising such losses, and require that deferred terms are only granted to customers who demonstrate an appropriate payment 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 25/09/2018

and signed on its behalf.

F Duval  
Director



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## **SUEZ RECYCLING AND RECOVERY PACKINGTON LIMITED**

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### **DIRECTOR'S REPORT FOR THE YEAR ENDED 31 DECEMBER 2017**

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The director presents his report and the financial statements for the year ended 31 December 2017.

#### **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.

With effect from 30th November 2017 the company changed its name from SHUKCO 346 Ltd to SUEZ Recycling and Recovery Packington Limited.

#### **Results and dividends**

The profit for the year, after taxation, amounted to £1,103,000 (2016 - £7,085,000).

The directors do not recommend payment of a dividend (2016 - £Nil).

#### **Director**

The director who served during the year was:

F Duval

No director who held office on 31 December 2017 had an interest in the company's shares either during the financial year or at 31 December 2017.

#### **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.

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## **SUEZ RECYCLING AND RECOVERY PACKINGTON LIMITED**

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### **DIRECTOR'S REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2017**

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#### **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 2017 the SUEZ R&R UK Group:

- Recycled and recovered 3,763,937 tonnes of the material we handled;
- Generated 1,464,315 megawatt hours of electricity from our landfill gas and energy-from-waste facilities;
- Produced over 77,000 tonnes of compost;
- Achieved a 14% decrease in Greenhouse Gas (GHG) emissions from vehicles on the previous year;
- Saw Electricity produced increase by 60% from non-hazardous waste incineration;
- Realised a 42% decrease of waste disposed in non-hazardous waste landfills (includes municipal, I&C, Sludge and other inputs, excludes inert);
- There has been a 12% decrease in the amount of fuel used for collection vehicles;
- Decreased waste prepared for Energy Recovery as Solid Recovered Fuels (SRF) produced from wood has by 33%;

SUEZ R&R UK were recertified to the Carbon Trust Standard in 2016. This certified that SUEZ R&R UK had shown a 16.5% Absolute reduction in tCO<sub>2</sub>e based on the compliance period of 1 January 2014 to 31 December 2015. This certification corresponds to the footprint of all UK operations and is valid until 30 June 2018. SUEZ R&R UK have been certified with the standard since 1 January 2010.

#### **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.

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## **SUEZ RECYCLING AND RECOVERY PACKINGTON LIMITED**

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### **DIRECTOR'S REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2017**

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#### **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.



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**SUEZ RECYCLING AND RECOVERY PACKINGTON LIMITED**

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**DIRECTOR'S REPORT (CONTINUED)  
FOR THE YEAR ENDED 31 DECEMBER 2017**

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**Auditor**

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

The auditor, Mazars LLP, is deemed to be reappointed in accordance with section 386 of the Companies Act 1985 by virtue of an elective resolution passed by the members on 7 July 2003.

This report was approved by the board on 25/09/2018

and signed on its behalf.

F Duval  
Director



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**SUEZ RECYCLING AND RECOVERY PACKINGTON LIMITED**

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

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**Opinion**

We have audited the financial statements of SUEZ Recycling and Recovery Packington Limited (the 'Company') for the year ended 31 December 2017, 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 2017 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.

**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 director's use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the director has 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.

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**SUEZ RECYCLING AND RECOVERY PACKINGTON LIMITED**

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

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**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.

**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.

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## **SUEZ RECYCLING AND RECOVERY PACKINGTON LIMITED**

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

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#### **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.

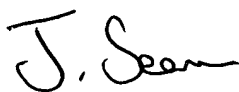
#### **Auditor's responsibilities for the audit of the financial statements**

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

#### **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: 27 September 2018

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**SUEZ RECYCLING AND RECOVERY PACKINGTON LIMITED**

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**STATEMENT OF COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 31 DECEMBER 2017**

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	Note	2017 £000	2016 £000
Turnover	4	8,264	9,460
Cost of sales		(6,553)	578
<b>Gross profit</b>		<b>1,711</b>	<b>10,038</b>
Administrative expenses		(630)	(919)
<b>Operating profit</b>	5	<b>1,081</b>	<b>9,119</b>
Profit/(loss) on disposal of investments		-	(68)
Interest receivable and similar income	7	288	138
Interest payable and expenses	8	-	(403)
<b>Profit on ordinary activities before tax</b>		<b>1,369</b>	<b>8,786</b>
Tax on profit	9	(266)	(1,701)
<b>Profit for the financial year</b>		<b>1,103</b>	<b>7,085</b>
<b>Total comprehensive income for the year</b>		<b>1,103</b>	<b>7,085</b>

All amounts are attributable to continuing operations.

**SUEZ RECYCLING AND RECOVERY PACKINGTON LIMITED**  
**REGISTERED NUMBER: 01420998**

**STATEMENT OF FINANCIAL POSITION**  
**AS AT 31 DECEMBER 2017**

	Note	2017 £000	2016 £000
<b>Fixed assets</b>			
Tangible assets	10	5,349	5,983
		<u>5,349</u>	<u>5,983</u>
<b>Current assets</b>			
Stocks	11	26	10
Debtors: amounts falling due within one year	12	56,862	56,060
		<u>56,888</u>	<u>56,070</u>
Creditors: amounts falling due within one year	13	(622)	(1,543)
<b>Net current assets</b>		<u>56,266</u>	<u>54,527</u>
<b>Total assets less current liabilities</b>		<u>61,615</u>	<u>60,510</u>
<b>Provisions for liabilities</b>			
Deferred taxation	15	(175)	(192)
Other provisions	16	(84)	(65)
		<u>(259)</u>	<u>(257)</u>
<b>Net assets</b>		<u>61,356</u>	<u>60,253</u>
<b>Capital and reserves</b>			
Called up share capital	17	-	-
Profit and loss account	18	61,356	60,253
<b>Shareholders funds - equity</b>		<u>61,356</u>	<u>60,253</u>

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

25/09/2018

  
**F Duval**  
 Director

The notes on pages 13 to 30 form part of these financial statements.

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**SUEZ RECYCLING AND RECOVERY PACKINGTON LIMITED**

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

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

The notes on pages 13 to 30 form part of these financial statements.

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**STATEMENT OF CHANGES IN EQUITY  
31 DECEMBER 2016**

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	<b>Called up share capital</b>	<b>Profit and loss account</b>	<b>Total equity</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>
At 1 January 2016	-	53,168	53,168
<b>Comprehensive income for the year</b>			
Profit for the year	-	7,085	7,085
	<hr/>	<hr/>	<hr/>
<b>Other comprehensive income for the year</b>	-	-	-
	<hr/>	<hr/>	<hr/>
<b>Total comprehensive income for the year</b>	-	7,085	7,085
	<hr/>	<hr/>	<hr/>
<b>Total transactions with owners</b>	-	-	-
	<hr/>	<hr/>	<hr/>
<b>At 31 December 2016</b>	-	60,253	60,253
	<hr/>	<hr/>	<hr/>

The notes on pages 13 to 30 form part of these financial statements.

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## **SUEZ RECYCLING AND RECOVERY PACKINGTON LIMITED**

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### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017**

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#### **1. General information**

SUEZ Recycling and Recovery Packington Limited (previously known as SHUKCO 346) 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 1420998.

With effect from 30 November 2017, the name of the Company was changed from SHUKCO 346 to SUEZ Recycling and Recovery Packington Limited.

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).



**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2017**

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**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 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.

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## **SUEZ RECYCLING AND RECOVERY PACKINGTON LIMITED**

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### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017**

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#### **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 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.

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.

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## SUEZ RECYCLING AND RECOVERY PACKINGTON LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

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#### 2. Accounting policies (continued)

##### 2.5 Tangible fixed assets (continued)

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.

##### 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.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2017**

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**2. Accounting policies (continued)**

**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 recognised when there is objective evidence (such as significant financial difficulties on the part of the counterparty or default or significant delay in payment) that the Company will be unable to collect all of the amounts due under the terms receivable, the amount of such a provision being the difference between the net carrying amount and the present value of the future expected cash flows associated with the impaired receivable. For trade receivables, which are reported net, such provisions are recorded in a separate allowance account with the loss being recognised within administrative expenses in the Statement of comprehensive income. On confirmation that the trade receivable will not be collected, the gross carrying value of the asset is written off against the associated provision.

**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.

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**SUEZ RECYCLING AND RECOVERY PACKINGTON LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2017**

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

**2.13 Interest income**

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

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## SUEZ RECYCLING AND RECOVERY PACKINGTON LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

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#### 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 2.9% (2016 - 2.9%) and discounted by 5.58% (2016 - 5.58%). 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.

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## **SUEZ RECYCLING AND RECOVERY PACKINGTON LIMITED**

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### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017**

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

##### **2.15 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.

#### **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 2017 the company's landfill provisions were £0.08m (2016:£0.07m) (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.

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**SUEZ RECYCLING AND RECOVERY PACKINGTON LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2017**

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**4. Turnover**

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

	<b>2017</b>	<b>2016</b>
	<b>£000</b>	<b>£000</b>
Rendering of services	<b>3,218</b>	<b>3,697</b>
Sale of goods	<b>1,019</b>	<b>1,156</b>
Generation of electricity	<b>4,027</b>	<b>4,607</b>
	<b>8,264</b>	<b>9,460</b>

All turnover arose within the United Kingdom.

**5. Operating profit**

The operating profit is stated after charging:

	<b>2017</b>	<b>2016</b>
	<b>£000</b>	<b>£000</b>
Depreciation of tangible fixed assets	<b>891</b>	<b>771</b>
Operating lease payments - land and buildings	<b>27</b>	<b>26</b>
Operating lease payments - other	<b>73</b>	<b>918</b>
Cost of stocks recognised as an expense	<b>394</b>	<b>173</b>

For the year ended 31 December 2017 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.



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**SUEZ RECYCLING AND RECOVERY PACKINGTON LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2017**

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**6. Employees**

Staff costs were as follows:

	2017 £000	2016 £000
Wages and salaries	355	391
Social security costs	37	40
Cost of defined contribution scheme	24	22
	<u>416</u>	<u>453</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 (2016 - £NIL)

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

	2017 No.	2016 No.
Operational	9	12
Admin	3	3
	<u>12</u>	<u>15</u>

**7. Interest receivable**

	2017 £000	2016 £000
Interest receivable from group companies	288	138
	<u>288</u>	<u>138</u>

**8. Interest payable and similar expenses**

	2017 £000	2016 £000
Unwinding of discount rate on provision	-	403
	<u>-</u>	<u>403</u>

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**SUEZ RECYCLING AND RECOVERY PACKINGTON LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2017**

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**9. Taxation**

	<b>2017</b>	<b>2016</b>
	<b>£000</b>	<b>£000</b>
<b>Corporation tax</b>		
Current tax on profits for the year	<b>284</b>	<b>1,116</b>
Adjustments in respect of previous periods	<b>-</b>	<b>28</b>
	<b>284</b>	<b>1,144</b>
<b>Total current tax</b>	<b>284</b>	<b>1,144</b>
<b>Deferred tax</b>		
Origination and reversal of timing differences	<b>(18)</b>	<b>580</b>
Adjustments in respect of previous periods	<b>-</b>	<b>(23)</b>
<b>Total deferred tax</b>	<b>(18)</b>	<b>557</b>
<b>Taxation on profit on ordinary activities</b>	<b>266</b>	<b>1,701</b>

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**SUEZ RECYCLING AND RECOVERY PACKINGTON LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2017**

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

The tax assessed for the year is higher than (2016 - *lower than*) the standard rate of corporation tax in the UK of 19.25% (2016 - 20%). The differences are explained below:

	<b>2017</b>	<b>2016</b>
	<b>£000</b>	<b>£000</b>
Profit on ordinary activities before tax	<b>1,369</b>	<b>8,786</b>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19.25% (2016 - 20%)	<b>264</b>	<b>1,757</b>
<b>Effects of:</b>		
Non-tax deductible amortisation of goodwill and impairment	-	<b>14</b>
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	-	<b>2</b>
Adjustments to tax charge in respect of prior periods	-	<b>5</b>
Lower rate on deferred tax balances	<b>2</b>	<b>(77)</b>
<b>Total tax charge for the year</b>	<b>266</b>	<b>1,701</b>

**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.

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**SUEZ RECYCLING AND RECOVERY PACKINGTON LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2017**

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**10. Tangible fixed assets**

	Land & Buildings £000	Plant & machinery £000	Motor vehicles £000	Fixtures & fittings £000	Asset under construct'n £000	Total £000
<b>Cost or valuation</b>						
At 1 January 2017	38,232	14,827	29	32	178	53,298
Additions	-	16	-	-	242	258
Transfers intra group	-	140	-	-	-	140
Disposals	-	118	-	-	-	118
Transfers between classes	-	3	-	-	(3)	-
At 31 December 2017	38,232	15,104	29	32	417	53,814
<b>Depreciation</b>						
At 1 January 2017	37,802	9,453	29	32	-	47,316
Charge for the year on owned assets	17	874	-	-	-	891
Transfers intra group	-	140	-	-	-	140
Disposals	-	32	-	-	-	32
Impairment losses written back	-	86	-	-	-	86
At 31 December 2017	37,819	10,585	29	32	-	48,465
<b>Net book value</b>						
At 31 December 2017	413	4,519	-	-	417	5,349
At 31 December 2016	430	5,375	-	-	178	5,983

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.

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**SUEZ RECYCLING AND RECOVERY PACKINGTON LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2017**

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Cost or valuation at 31 December 2017 is as follows:

	Land and buildings £000
<b>At cost</b>	<b>31,587</b>
<b>At valuation:</b>	
1998 by directors on open market basis	<b>6,645</b>
	<b>38,232</b>

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

	2017 £000	2016 £000
Cost	31,587	31,587
Accumulated depreciation	(31,174)	(31,157)
<b>Net book value</b>	<b>413</b>	<b>430</b>

**11. Stocks**

	2017 £000	2016 £000
Raw materials and consumables	26	10
	<b>26</b>	<b>10</b>

In the year ended 31 December 2017 £394,000 (2016: £173,000) was the amount of inventory recognised as an expense. £nil has been written down in the year (2016: £nil).

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

**12. Debtors**

	2017 £000	2016 £000
Amounts owed by group undertakings	55,948	54,994
Prepayments and accrued income	914	1,066
	<b>56,862</b>	<b>56,060</b>

All amounts fall due within one year.

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**SUEZ RECYCLING AND RECOVERY PACKINGTON LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2017**

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**13. Creditors: Amounts falling due within one year**

	<b>2017</b>	<b>2016</b>
	<b>£000</b>	<b>£000</b>
Corporation tax	<b>284</b>	<b>1,116</b>
Accruals and deferred income	<b>338</b>	<b>427</b>
	<b>622</b>	<b>1,543</b>

**14. Financial instruments**

	<b>2017</b>	<b>2016</b>
	<b>£000</b>	<b>£000</b>
<b>Financial assets</b>		
Financial assets that are debt instruments measured at amortised cost	<b>56,763</b>	<b>55,899</b>
<b>Financial liabilities</b>		
Financial liabilities measured at amortised cost	<b>(336)</b>	<b>(425)</b>

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

Financial liabilities measured at amortised cost comprise accruals.

**15. Deferred taxation**

	<b>2017</b>	<b>2016</b>
	<b>£000</b>	<b>£000</b>
At beginning of year	<b>(193)</b>	<b>365</b>
Charged to profit or loss	<b>18</b>	<b>(557)</b>
<b>At end of year</b>	<b>(175)</b>	<b>(192)</b>

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**SUEZ RECYCLING AND RECOVERY PACKINGTON LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2017**

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**15. Deferred taxation (continued)**

The provision for deferred taxation is made up as follows:

	2017 £000	2016 £000
Accelerated capital allowances	(179)	(197)
Other timing differences	4	5
	<u>(175)</u>	<u>(192)</u>

**16. Provisions**

	Environment al and landfill costs £000
At 1 January 2017	65
Charged to profit or loss	(62)
Utilised in year	81
<b>At 31 December 2017</b>	<b><u>84</u></b>

The provision for environmental and landfill costs has been calculated in accordance with the accounting policy set out in note 2.14. 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 60 years thereafter.

**17. Share capital**

	2017 £	2016 £
<b>Allotted, called up and fully paid</b>		
100 ordinary shares of £1 each	<u>100</u>	<u>100</u>

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

**18. Reserves****Profit & loss account**

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

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**SUEZ RECYCLING AND RECOVERY PACKINGTON LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2017**

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**19. Capital commitments**

At 31 December 2017 the Company had capital commitments as follows:

	<b>2017 £000</b>	<b>2016 £000</b>
Contracted for but not provided in these financial statements	-	152
	<u>-</u>	<u>152</u>

**20. 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 £24,000 (2016 - £22,000).

**21. Commitments under operating leases**

At 31 December 2017 the Company had future minimum lease payments under non-cancellable operating leases as follows:

	<b>2017 £000</b>	<b>2016 £000</b>
Not later than 1 year	27	26
Later than 1 year and not later than 5 years	107	105
Later than 5 years	507	527
	<u>641</u>	<u>658</u>

	<b>2017 £000</b>	<b>2016 £000</b>
Not later than 1 year	73	101
Later than 1 year and not later than 5 years	64	128
	<u>137</u>	<u>229</u>



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## **SUEZ RECYCLING AND RECOVERY PACKINGTON LIMITED**

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### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017**

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#### **22. 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 (SHUKCO 346 Ltd) 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.