

Registered number: 02046398

Resources Management (UK) Limited

Directors' report and financial statements

for the year ended 31 December 2013



Resources Management (UK) Limited

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Resources Management (UK) Limited

Strategic report for the year ended 31 December 2013

Business review

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

	2013	2012	
	£000	£000	Change
Turnover	4,273	5,085	-16%
Operating loss	(42)	(21)	-100%
Loss after tax	(115)	(89)	-29%
Shareholders funds	2,748	2,863	-4%
Current assets as % of current liabilities	760%	660%	

Turnover has decreased year on year due to lower volumes taken to landfill and a reduction in landfill gas generated.

Operating losses have increased slightly due to higher labour costs and bad debt expenditure in 2013.

Shareholders funds have decreased due to the loss incurred in the year.

Principal risks and uncertainties

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

Operational risks

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

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

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

Competitive risks

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

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

Legislative risks

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

Health and safety risks

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

Resources Management (UK) Limited

Strategic report (continued)

Financial instrument risks

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

Use of derivatives

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

Exposure to price, credit, liquidity and cash flow risk

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

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

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities.

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

This report was approved by the board on 27 June 2014

and signed on its behalf.



C Chapron
Director

Resources Management (UK) Limited

Directors' report for the year ended 31 December 2013

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

Principal activities

The company's principal activity during the year was the provision of waste management services including the operation of a landfill site.

Results and dividends

The loss for the year, after taxation, amounted to £115,000 (2012 - £ 89,000).

No dividend was paid for the year ended 31 December 2013 (2012 - £Nil).

Directors

The directors who served during the year were:

C Chapron
D Palmer-Jones

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

Directors' indemnity

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

Going concern

The company's going concern is intrinsically linked to the performance, risks and going concern of the SITA Group. The SITA group, along with its ultimate parent company Suez Environnement 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 SITA group is well placed to manage its business risks successfully despite the current uncertain economic outlook.

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

Future developments

The directors expect that the company will return to profitability in the near future.

Resources Management (UK) Limited

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

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

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

In 2013 the SITA group:

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

Resources Management (UK) Limited

Directors' report for the year ended 31 December 2013

Statement of directors' responsibilities

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

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

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Provision of information to auditor

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

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

Re-appointment of auditors

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

This report was approved by the board on 27 June 2014

and signed on its behalf.



C Chapron
Director

Resources Management (UK) Limited

Independent auditor's report to the shareholder of Resources Management (UK) Limited

We have audited the financial statements of Resources Management (UK) Limited for the year ended 31 December 2013, which comprise the Profit and loss account, the Balance sheet and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Respective responsibilities of directors and auditor

As explained more fully in the Directors' responsibilities statement set out on page 5, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors. This report is made solely to the company's member in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's member those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's member for our audit work, for this report, or for the opinions we have formed.

Scope of the audit of the financial statements

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

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2013 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Resources Management (UK) Limited

Independent auditor's report to the shareholder of Resources Management (UK) Limited

Opinion on other matter prescribed by the Companies Act 2006

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

Matters on which we are required to report by exception

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

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



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 June 2014

Resources Management (UK) Limited

Profit and loss account for the year ended 31 December 2013

	Note	2013 £000	2012 £000
Turnover	1,2	4,273	5,085
Cost of sales		(3,978)	(4,841)
Gross profit		295	244
Administrative expenses		(337)	(265)
Operating loss	3	(42)	(21)
Interest receivable and similar income	5	12	12
Interest payable and similar charges	6	(51)	(50)
Loss on ordinary activities before taxation		(81)	(59)
Tax on loss on ordinary activities	7	(34)	(30)
Loss for the financial year	15	(115)	(89)

All amounts relate to continuing operations.

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

The notes on pages 10 to 17 form part of these financial statements.

Resources Management (UK) Limited
Registered number: 02046398

Balance sheet
as at 31 December 2013

	Note	£000	2013 £000	2012 £000
Fixed assets				
Tangible assets	8		1,846	2,053
Current assets				
Stocks	9	7	4	
Debtors	10	2,782	2,662	
		<u>2,789</u>	<u>2,666</u>	
Creditors: amounts falling due within one year	11	(367)	(404)	
Net current assets			<u>2,422</u>	<u>2,262</u>
Total assets less current liabilities			<u>4,268</u>	<u>4,315</u>
Provisions for liabilities				
Other provisions	13		(1,520)	(1,452)
Net assets			<u>2,748</u>	<u>2,863</u>
Capital and reserves				
Called up share capital	14		1	1
Profit and loss account	15		2,747	2,862
Shareholders' funds - equity	16		<u>2,748</u>	<u>2,863</u>

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



C Chapron
Director

The notes on pages 10 to 17 form part of these financial statements.

Resources Management (UK) Limited

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

1. Accounting policies

1.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention and in accordance with applicable accounting standards.

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

1.2 Cash flow

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

1.3 Turnover

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

1.4 Tangible fixed assets and depreciation

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

Freehold property	- 15 years, straight line
Landfill site	- On the basis of airspace used
Long leasehold property	- Over the life of the lease
Plant & machinery	- 4 - 15 years, straight line
Motor vehicles	- 4 years, straight line
Fixtures & fittings	- 4 - 5 years, straight line
Assets under construction	- Depreciation commences upon completion of asset

1.5 Operating leases

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

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

1.6 Stocks

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

Resources Management (UK) Limited

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

1. Accounting policies (continued)

1.7 Taxation

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

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or a right to pay less or to receive more tax, with the following exception:

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

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

1.8 Pensions

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

1.9 Provision for environmental and landfill costs

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

Closure costs:

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

Post closure costs:

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

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

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

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

Resources Management (UK) Limited

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

2. Turnover

The whole of the turnover is attributable to the one principal activity of the company being the provision of waste management services.

All turnover arose within the United Kingdom.

3. Operating loss

The operating loss is stated after charging:

	2013 £000	2012 £000
Depreciation of tangible fixed assets:		
- owned by the company	221	237
Operating lease rentals - land and buildings	1	1
	<u>222</u>	<u>238</u>

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

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

4. Staff costs

Staff costs were as follows:

	2013 £000	2012 £000
Wages and salaries	402	382
Social security costs	38	36
Other pension costs	12	10
	<u>452</u>	<u>428</u>

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

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

	2013 No.	2012 No.
Operations	18	17
Administration and management	1	1
	<u>19</u>	<u>18</u>

5. Interest receivable

	2013 £000	2012 £000
Interest receivable from group companies	12	12
	<u>12</u>	<u>12</u>

Resources Management (UK) Limited

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

6. Interest payable

	2013 £000	2012 £000
Discount on provisions	51	50

7. Taxation

	2013 £000	2012 £000
Analysis of tax charge/(credit) in the year		
Current tax (see note below)		
UK corporation tax charge on loss for the year	45	(21)
Adjustments in respect of prior periods	-	(2)
Total current tax	45	(23)
Deferred tax		
Origination and reversal of timing differences	(12)	51
Adjustments in respect of prior periods	1	2
Total deferred tax (see note 12)	(11)	53
Tax on loss on ordinary activities	34	30

Factors affecting tax charge for the year

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

	2013 £000	2012 £000
Loss on ordinary activities before tax	(81)	(59)
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 23.25% (2012 - 24.5%)	(19)	(14)
Effects of:		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	30	31
Capital allowances for year in excess of depreciation	10	10
Adjustments to tax charge in respect of prior periods	-	(2)
Short term timing difference leading to a (decrease)/ increase in taxation	24	(48)
Current tax charge/(credit) for the year (see note above)	45	(23)

Resources Management (UK) Limited

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

7. Taxation (continued)

Factors that may affect future tax charges

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

Further reductions to the UK corporation tax rate have been announced that will have an effect on future tax charges. The change in the corporation tax rate to 20% from 1 April 2015 had been enacted at the balance sheet date and the deferred tax balance has been adjusted to reflect this change (*note 12*).

8. Tangible fixed assets

	Land & buildings £000	Plant & machinery £000	Motor vehicles £000	Fixtures & fittings £000	Assets under construction £000	Total £000
Cost						
At 1 January 2013	2,898	981	57	21	11	3,968
Additions	10	-	-	-	4	14
At 31 December 2013	2,908	981	57	21	15	3,982
Depreciation						
At 1 January 2013	1,247	590	57	21	-	1,915
Charge for the year	142	79	-	-	-	221
At 31 December 2013	1,389	669	57	21	-	2,136
Net book value						
At 31 December 2013	1,519	312	-	-	15	1,846
At 31 December 2012	1,651	391	-	-	11	2,053

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

	2013 £000	2012 £000
Freehold land	50	50
Long leasehold property	124	251
Landfill engineering	1,345	1,350
	1,519	1,651

9. Stocks

	2013 £000	2012 £000
Raw materials	7	4

Resources Management (UK) Limited

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

10. Debtors - Amounts falling due within one year

	2013 £000	2012 £000
Amounts owed by group undertakings	2,491	2,382
Corporation tax recoverable	-	21
Prepayments and accrued income	141	120
Deferred tax asset (see note 12)	150	139
	<u>2,782</u>	<u>2,662</u>

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

	2013 £000	2012 £000
Corporation tax	45	-
Other taxation and social security	155	196
Other creditors	3	3
Accruals and deferred income	164	205
	<u>367</u>	<u>404</u>

12. Deferred tax asset

	2013 £000	2012 £000
At beginning of year	139	192
Released during/(charged for) year (P&L)	11	(53)
	<u>150</u>	<u>139</u>

The deferred tax asset is made up as follows:

	2013 £000	2012 £000
Accelerated capital allowances	(23)	(35)
Landfill provisions	173	174
	<u>150</u>	<u>139</u>

Resources Management (UK) Limited

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

13. Provisions

	Environment al and landfill costs £000
At 1 January 2013	1,452
Additions	32
Amounts used	(15)
Unwinding of discount	51
At 31 December 2013	<u>1,520</u>

Environmental and landfill costs

The provision for environmental and landfill costs has been calculated in accordance with the accounting policy set out in note 1.9. The closure costs will be incurred prior to and during the closure of the company's landfill sites, whilst the post closure provision will be utilised over the 30 years thereafter.

14. Share capital

	2013 £000	2012 £000
Allotted, called up and fully paid		
660 ordinary shares of £1 each	<u>1</u>	<u>1</u>

15. Reserves

	Profit and loss account £000
At 1 January 2013	2,862
Loss for the financial year	(115)
At 31 December 2013	<u>2,747</u>

16. Reconciliation of movement in shareholders' funds

	2013 £000	2012 £000
Opening shareholders' funds	2,863	2,952
Loss for the financial year	(115)	(89)
Closing shareholders' funds	<u>2,748</u>	<u>2,863</u>

Resources Management (UK) Limited

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

17. Capital commitments

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

	2013 £000	2012 £000
Contracted for but not provided in these financial statements	-	17

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 a fund and amounted to £12,000 (2012 - £10,000).

19. Operating lease commitments

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

	Land and buildings		Other	
	2013 £000	2012 £000	2013 £000	2012 £000
Expiry date:				
After more than 5 years	1	1	-	-

20. Contingent liabilities

The company has provided unsecured guarantees to third parties in respect of restoration and performance bonds. At 31 December 2013, guarantees outstanding amounted to £27,000 (2012 - £27,000).

21. Related party transactions

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

22. Ultimate parent undertaking and controlling party

The company is a subsidiary of Suez Environnement SAS, a company incorporated in France. Suez Environnement SAS is the ultimate parent company at 31 December 2013.

At the year end, the largest and the smallest group of which Resources Management (UK) Limited is a member and for which group financial statements are drawn up is that headed by Suez Environnement SAS, whose consolidated financial statements are available from Tour CB21, 16 Place de L'Iris, 92040 Paris La Defense Cedex, France.

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