

Registered number: 02263477

Wareham Ball Clay Company Limited

Directors' report and financial statements

for the year ended 31 December 2013

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Wareham Ball Clay Company Limited

Company Information

| | |
|----------------------------|---|
| Directors | C Chapron D Palmer-Jones |
| Company secretary | J Knight |
| Registered number | 02263477 |
| Registered office | SITA House Grenfell Road Maidenhead Berkshire SL6 1ES |
| Independent auditor | Mazars LLP Tower Bridge House St Katharine's Way London E1W 1DD |

Wareham Ball Clay Company Limited

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Wareham Ball Clay Company Limited

Strategic report for the year ended 31 December 2013

Business review

The company's principal activity during the year was the extraction of minerals. The directors were satisfied with the result of the company during the year.

On 31 December 2013, the company sold its trade and assets to SITA Environment Limited for a consideration of £1. A profit on disposal of £4,159,000 was generated. The directors intend for the company to now become dormant.

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.

Wareham Ball Clay Company 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

Wareham Ball Clay Company 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 extraction of minerals.

Results and dividends

The profit for the year, after taxation, amounted to £4,383,000 (2012 - £207,000).

The directors do not recommend the payment of a dividend (2012 - £nil).

Directors

The directors who served during the year were:

C Chapron
D Palmer-Jones

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

Directors' indemnity

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

Going concern

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

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.

Wareham Ball Clay Company 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 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 auditors

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 auditors are unaware, and
- each 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 auditors in connection with preparing their report and to establish that the company's auditors are 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

Wareham Ball Clay Company Limited

Independent auditor's report to the shareholder of Wareham Ball Clay Company Limited

We have audited the financial statements of Wareham Ball Clay Company 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 4, 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 profit 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.

Wareham Ball Clay Company Limited

Independent auditor's report to the shareholder of Wareham Ball Clay Company Limited

Opinion on other matter prescribed by the Companies Act 2006

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

Matters on which we are required to report by exception

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

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



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

Wareham Ball Clay Company Limited

**Profit and loss account
for the year ended 31 December 2013**

| | Note | 2013 £000 | 2012 £000 |
|--|------|---------------------|-------------------|
| Turnover | 1,2 | 598 | 641 |
| Cost of sales | | <u>(390)</u> | <u>(157)</u> |
| Gross profit | | 208 | 484 |
| Administrative expenses | | <u>1</u> | <u>(41)</u> |
| Operating profit | 3 | 209 | 443 |
| Exceptional items | 5 | | |
| Net profit/(loss) on sale of tangible fixed assets | | - | (150) |
| Profit on sale of trade and assets | | <u>4,159</u> | <u>-</u> |
| Profit on ordinary activities before interest | | 4,368 | 293 |
| Interest payable and similar charges | 4 | <u>(34)</u> | <u>(37)</u> |
| Profit on ordinary activities before taxation | | 4,334 | 256 |
| Tax on profit on ordinary activities | 6 | <u>49</u> | <u>(49)</u> |
| Profit for the financial year | 13 | <u>4,383</u> | <u>207</u> |

All amounts relate to discontinued 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 9 to 15 form part of these financial statements.

Wareham Ball Clay Company Limited
Registered number: 02263477

Balance sheet
as at 31 December 2013

| | Note | £000 | 2013 £000 | 2012 £000 |
|--|------|------|--------------|--------------|
| Fixed assets | | | | |
| Tangible assets | 7 | - | - | 73 |
| Current assets | | | | |
| Debtors | 8 | - | 659 | |
| Creditors: amounts falling due within one year | 9 | - | (4,718) | |
| Net current | | | - | (4,059) |
| Total assets less current liabilities | | | - | (3,986) |
| Provisions for liabilities | | | | |
| Other provisions | 11 | - | - | (397) |
| Net liabilities | | | - | (4,383) |
| Capital and reserves | | | | |
| Called up share capital | 12 | | 1 | 1 |
| Share premium account | 13 | | 3,005 | 3,005 |
| Profit and loss account | 13 | | (3,006) | (7,389) |
| Shareholders' deficit | 14 | | - | (4,383) |

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

27 June 2014



C Chapron
Director

The notes on pages 9 to 15 form part of these financial statements.

Wareham Ball Clay Company 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.

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 | - | On the basis of minerals extracted |
| Plant & machinery | - | 3 - 10 years, straight line |
| Fixtures & fittings | - | 3 - 10 years, straight line |
| Assets under construction | - | Depreciation commences upon completion of asset |

1.5 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.

Wareham Ball Clay Company Limited

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

1. Accounting policies (continued)

1.6 Site restoration provision

The company estimates its total future cost requirements associated with the closure and restoration of mineral sites. These costs relate to making good the quarry and inspection and maintenance costs. The company provides for these costs over the life of the quarry.

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 3.19% (2012 - 3.19%). The unwinding of the discount element is shown in the financial statements as a financial item.

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.

2. Turnover

The whole of the turnover is attributable to the one principal activity of the company being the extraction of minerals.

All turnover arose within the United Kingdom.

3. Operating profit

The operating profit is stated after charging:

| | 2013 £000 | 2012 £000 |
|--|--------------|--------------|
| Depreciation of tangible fixed assets: | | |
| - owned by the company | 2 | 4 |

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

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

For the year ended 31 December 2013 and the prior year, the company had no employees.

4. Interest payable

| | 2013 £000 | 2012 £000 |
|----------------------------------|--------------|--------------|
| Discount on provisions | 12 | 14 |
| On loans from group undertakings | 22 | 23 |
| | 34 | 37 |

Wareham Ball Clay Company Limited

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

5. Exceptional items

| | 2013 £000 | 2012 £000 |
|---|--------------|--------------|
| Profit on disposal of tangible fixed assets | - | 150 |
| Profit on sale of trade and assets | 4,159 | - |
| | <u>4,159</u> | <u>150</u> |

6. Taxation

| | 2013 £000 | 2012 £000 |
|--|--------------------|------------------|
| Analysis of tax charge in the year | | |
| Current tax (see note below) | | |
| UK corporation tax charge on profit for the year | - | - |
| Deferred tax | | |
| Origination and reversal of timing differences | (52) | 49 |
| Adjustments in respect of prior periods | 3 | - |
| Total deferred tax (see note 10) | <u>(49)</u> | <u>49</u> |
| Tax on profit on ordinary activities | <u><u>(49)</u></u> | <u><u>49</u></u> |

Factors affecting tax charge for the year

The tax assessed for the year is lower 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 |
|---|-----------------|-----------------|
| Profit on ordinary activities before tax | <u>4,334</u> | <u>256</u> |
| Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 23.25% (2012 - 24.5%) | 1,008 | 63 |
| Effects of: | | |
| Expenses not deductible for tax purposes, other than goodwill amortisation and impairment | (10) | 37 |
| Capital allowances for year in excess of depreciation | 1 | 1 |
| Utilisation of tax losses | (84) | (102) |
| Short term timing difference leading to an increase (decrease) in taxation | 52 | 1 |
| Non-taxable income | (967) | - |
| Current tax charge for the year (see note above) | <u><u>-</u></u> | <u><u>-</u></u> |

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

6. 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 10).

7. Tangible fixed assets

| | Freehold property £000 | Plant & machinery £000 | Fixtures & fittings £000 | Assets under construction £000 | Total £000 |
|--------------------------|------------------------------|------------------------------|--------------------------------|--------------------------------------|---------------|
| Cost | | | | | |
| At 1 January 2013 | 484 | 41 | 3 | 70 | 598 |
| Additions | - | - | - | 95 | 95 |
| Sale of trade and assets | (484) | (41) | (3) | (165) | (693) |
| At 31 December 2013 | - | - | - | - | - |
| Depreciation | | | | | |
| At 1 January 2013 | 484 | 38 | 3 | - | 525 |
| Charge for the year | - | 2 | - | - | 2 |
| Sale of trade and assets | (484) | (40) | (3) | - | (527) |
| At 31 December 2013 | - | - | - | - | - |
| Net book value | | | | | |
| At 31 December 2013 | - | - | - | - | - |
| At 31 December 2012 | - | 3 | - | 70 | 73 |

8. Debtors

| | 2013 £000 | 2012 £000 |
|----------------------------------|--------------|--------------|
| Prepayments and accrued income | - | 69 |
| Deferred tax asset (see note 10) | - | 590 |
| | - | 659 |

Wareham Ball Clay Company Limited.

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

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

| | 2013 | 2012 |
|------------------------------------|-------------|--------------|
| | £000 | £000 |
| Amounts owed to group undertakings | - | 4,711 |
| Corporation tax | - | 1 |
| Other creditors | - | 6 |
| | <u>-</u> | <u>4,718</u> |
| | <u>-</u> | <u>4,718</u> |

10. Deferred taxation

| | 2013 | 2012 |
|--|-------------|-------------|
| | £000 | £000 |
| At beginning of year | 590 | 639 |
| Released during/(charged for) year (P&L) | 49 | (49) |
| Sale of trade and assets | (639) | - |
| | <u>-</u> | <u>590</u> |
| At end of year | <u>-</u> | <u>590</u> |

The deferred taxation balance is made up as follows:

| | 2013 | 2012 |
|--------------------------------|-------------|-------------|
| | £000 | £000 |
| Accelerated capital allowances | - | 498 |
| Other timing differences | - | 92 |
| | <u>-</u> | <u>590</u> |
| | <u>-</u> | <u>590</u> |

There is an unrecognised deferred tax asset in respect of tax losses brought forward of £Nil (2012- £468,000), due to uncertainty as to the availability of future taxable profits.

11. Provisions

| | Site restoration provision £000 |
|--------------------------|--|
| At 1 January 2013 | 397 |
| Additions | 208 |
| Sale of trade and assets | (617) |
| Unwinding of discount | 12 |
| At 31 December 2013 | <u>-</u> |

Site restoration provision

The provision for site restoration costs has been calculated in accordance with the accounting policy set out in note 1.6.

Wareham Ball Clay Company Limited

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

12. Share capital

| | 2013 £ | 2012 £ |
|---|--------------|--------------|
| Allotted, called up and fully paid | | |
| 1,000 "A" ordinary shares of £1 each | 1,000 | 1,000 |
| 2 "B" ordinary shares of £0.50 each | 1 | 1 |
| | <u>1,001</u> | <u>1,001</u> |

Save for the differentiation in their nominal value, the A Ordinary shares and the B Ordinary shares rank pari passu for all purposes.

13. Reserves

| | Share premium account £000 | Profit and loss account £000 |
|-------------------------------|-------------------------------------|------------------------------------|
| At 1 January 2013 | 3,005 | (7,389) |
| Profit for the financial year | - | 4,383 |
| | <u>3,005</u> | <u>(3,006)</u> |
| At 31 December 2013 | | |

14. Reconciliation of movement in shareholders' deficit

| | 2013 £000 | 2012 £000 |
|-------------------------------|--------------|----------------|
| Opening shareholders' deficit | (4,383) | (4,590) |
| Profit for the financial year | 4,383 | 207 |
| | <u>-</u> | <u>(4,383)</u> |
| Closing shareholders' deficit | | |

15. 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.

Wareham Ball Clay Company Limited

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

16. Ultimate parent undertaking and controlling party

The ultimate parent undertaking is Suez Environnement SAS, a company incorporated in France.

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

In the opinion of the directors, SITA Holdings UK Limited controls the company as a result of controlling 100% of the issued share capital of Wareham Ball Clay Company Limited. Suez Environnement SAS is the ultimate controlling party, being the ultimate controlling party of SITA Holdings UK Limited.