Registered number: 02291198

SUEZ Recycling and Recovery UK Ltd

Annual report and financial statements

For the Year Ended 31 December 2021

Company Information

Directors	J Scanlon G Mayson C Thorn
Company secretary	M H Thompson
Registered number	02291198
Registered office	SUEZ House Grenfell Road Maidenhead Berkshire SL6 1ES
Independent auditor	Mazars LLP 90 Victoria Street Bristol BS1 6DP

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

	2021	*2020*	
	£000	*£000*	Change
Turnover	713,048	*615,603*	16%
Operating profit/(loss)	17,464	*(1,808)*	1066%
Profit after tax	22,412	*6,476*	246%
Shareholders' funds - equity	183,871	*150,269*	22.4%
Current assets as a % of current liabilities	138%	*140%*	

SUEZ Recycling and Recovery UK has achieved strong financial results in the year ended 31 December 2021.

On the 1 January 2021 the company hived up the trade and assets of its subsidiary company SUEZ Recycling and Recovery Tees Valley Limited, which included the Energy from Waste facilities at Tees Valley. This has contributed to a £49m increase to turnover and £11m increase to operating profits.

The Company's collection activities have rebounded following the main impact to the business from the pandemic being on industrial and commercial collections in 2020. Revenue from industrial and commercial collections was up by £11m when compared with the prior year, with operating profits up £4.5m as a result.

The Company saw another strong performance from its Energy business in 2021 with revenues up by £10m across all facilities.

The Company's contract to manage waste for the Greater Manchester Waste Authority saw improved returns in 2021, particularly following the successful installation of a turbine at the Raikes Lane Energy from Waste plant during the year. 2021 was also the first full year of operation of the Somerset municipal collection contract with new service packages continuing to be rolled out across the region and efficiencies and improvements being sought in the delivery of the service. Revenues from a full year of this contract contributed to an additional £8m compared to the prior year.

The Company faced a number of challenges within the year, such as the national driver shortage and increased fuel and consumables prices. The situation regarding drivers has since stabilised, though fuel and consumables prices have continued to increase in 2022 – reflecting the macro-economic conditions, the company has some protection due to many of its contracts with public bodies also being index linked.

Principal risks and uncertainties

The companies within the SUEZ Recycling and Recovery Group in the UK (the Group) have 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. These Group risks are considered to also all be relevant to SUEZ Recycling and Recovery UK Ltd.

Operational risks

The SUEZ R&R UK Group's operations involve some major public sector contracts, ranging from periods of 6 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 R&R UK Group the preferred employer in the waste management sector through its employment policies.

Competitive risks

Part of the SUEZ R&R UK 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 R&R UK 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 their performance objectives.

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. 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.

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.

COVID-19

The Board continued to closely monitor developments of the COVID-19 pandemic, managed through a Gold and Silver cell structure, implementing and improving the Business Continuity Plans for all sites and offices to ensure that they were COVID-19 secure, including the distribution of required Personal Protective Equipment (PPE) to ensure business continuity and the health and safety of all employees. These groups worked within the advice from The Group and Public Health England, having daily calls to determine any actions needed.

Operational update:
The year has seen the business face a number of challenges from the evolving COVID-19 pandemic, including, HGV driver shortages and fuel supply issues, particularly the hospitality sector, with service requirements changing throughout the year. Despite this, the municipal crews successfully managed higher tonnages and navigated the access issues created by the shift to more residents working from home.

This in turn affected our team in the customer hub who saw a large increase in calls from customers in one week. The introduction of our new, Customer Relationship Management (CRM) system, and a new call centre system, is improving our customers' experience, with the hub team able to resolve more queries at first contact with the customer.

Against the pandemic backdrop, we started our retained contracts in Kensington and Chelsea, introduced new services and rolled out food waste collections in Bracknell and new contracts in Monmouthshire Household Waste Recycling Centre (HWRC) and South London Waste Partnership Street Sweepings. Our account managers and sales teams worked hard to retain 91.2% of our customers and win new contracts including Dry Mixed Recycling (DMR) contracts in Aberdeenshire, Highlands, Solihull and Blackburn and Darwen, amongst others.

The Directors are proud of our teams who pulled together throughout the year to weather the various storms and maintained essential services for our customers.

Ukraine Conflict

The Directors have considered the impact of the war in Ukraine on The Group in the UK. The Group is not directly reliant on Ukrainian or Russian suppliers or customers and as such The Group's exposure is mainly due to macroeconomic factors. Whilst inflationary pressure is being seen on labour, fuel and raw materials costs, the Group has some protection due to many of its contracts with public bodies also being index linked. The Group has no variable rate debt and as such is not exposed to any increased interest costs should interest rates rise further.

The Group has made a donation to the Disasters Emergency Committee fundraising programme in response to the Ukraine crisis, and has enabled employees to do likewise through payroll giving. Many of our sites have collection points for clothing and other practical items which have been donated by members of the public. The Group also continues its Wellbeing programme to support employees who have been affected by the crisis.

Statement of corporate governance arrangements

For the year ended 31 December 2021, under The Companies (Miscellaneous Reporting) Regulations 2018, the Company has applied and adopted the Wates Corporate Governance Principles for Large Private Companies (Principles).

Board
The Senior Management Team (Board) meet quarterly and is comprised of the board of Directors of the Company and the following senior management:

Title	Members
Optimisation Committee (OpCom)	Chief Executive Officer; Chief Operations Officer; Chief Human Resources and Health and Safety Officer; and Finance Director.
Senior Managers	Director of Legal & Ethics Officer; Communications Director; External Affairs Director; and Technical Development Director.
Attendees	Director of Public Sector Development; Senior Marketing Manager; Commercial Director – Projects; Head of Project Management and Chief Information Officer.

Committees

The Optimisation Committee (OpCom) structure has proved to be a critical component of our governance structure. The OpCom meets weekly and has been instrumental in maintaining focus between board meetings. As initiatives within the strategic plan have been progressing at pace the need for a decision-making body to meet regularly has been imperative. The OpCom is supported by the contribution of all the various committees.
The Risk Committee, consisting of OpCom members and business unit and functional leads, ensures that inherent and emerging risks are identified and managed appropriately and in a timely manner, continuing its focus on monitoring the effectiveness of the Group's approach to risk identification, classification and mitigation.

The SUEZ Group's Risk Management approach is articulated around a set of common beliefs leading to the definition of a mission statement with a number of high-level objectives. In the development of the Risk Management framework the following beliefs had a large influence on the approach retained:

- Every manager is a risk manager;
- The decision-making process should be systematically based on some kind of risk analysis;
- Risk management will be successfully implemented if it is approached bottom-up and top-down;
- This process requires a certain degree of formalism but through a light and flexible organization;
- The better the Company is at understanding and controlling its risks, the better the decisions it can make about taking risks or avoiding them;
- Not detecting a risk may be forgivable but not acting upon a detected risk is not;
- Within Risk Management, internal and external communication is key.

The mission statement for Enterprise Risk Management (ERM) as approved by the SUEZ Group Executive Committee is the following:

"Through the implementation of a formalised risk management process, SUEZ Group will strive to speak a common risk language across the organisation in order to enhance risk awareness and to improve decision making, with a portfolio view, whenever possible. Beyond pure compliance (assurance to the Board of Directors and the control authorities), the objective of Risk Management is to proactively protect long-term value for all the stakeholders of the Group and to capture new opportunities for profitable business growth."

Risk is thus not only a threat: it is also an opportunity that has to be mastered. The main objectives of Risk Management are:

- Increase risk awareness throughout the Group;
- Improve visibility and exchange of information by using a common risk language and structure;
- Create common methodologies;
- Introduce risk review and management at all levels;
- Implement common risk management strategies.

The aim is to achieve a cultural change of attitudes and behaviours vis-a-vis risk exposure and related opportunities. To that end, the process will rely on a light but effective network of risk officers and risk specialists under the stewardship of the Chief Risk Officer.

This network will be in charge of promoting the new risk management culture, preparing the change, making it happen and reviewing it. It will also aim at a common language, common methodologies and clear definition of roles and responsibilities towards risk management for both operational management and risk-related functions.

This process will not withdraw risk management from the responsibilities of the operational managers. On the contrary, in order to perform their work effectively, the risk officers will have to collaborate closely with the business unit managers but also with the other relevant support functions across the Group, including amongst others, internal audit, finance, legal, insurance, health & safety and environment.

Risk Management (RM)

A member of the Board/Management committee sponsors and supports the process by communicating about the Group, selecting the people to be involved and determining the methodologies to use.
In order to ensure coverage of all risks facing the business, the group is composed of people representing all aspects of the business (support, operational, regulatory, commercial and human resources), selected according to their knowledge, experience and ability to grasp new concepts and requirements.

In addition to participating in the SUEZ Group Risk Committee which meets once or twice a year, the Company's RM Committee meet quarterly to review and discuss existing and new risks. The Committee also review action plans, produces and keeps up to date the Risk Register and on a more frequent basis, reviews some specific risk indicators including the following:

- country and political risks (ratings, events etc.)
- financial risks (currency, interest rates, commodity, risk exposures)
- health & safety risks (workplace accidents, asbestos issues etc.)
- environmental risks (compliance to norms on emissions, sites at risk etc.)
- business continuity risks (physical and IT security, fraud detection etc.)
- insurable risks (coverage, premiums, deductibles, loss control etc.)
- other operational, commercial, legal and HR risks

The five distinct steps of the Risk Management Process can be summarized as:

Identification: Review all aspects of the business plan using interviews, brainstorming methods and risk catalogues in order to identify the risk areas. Risks may not necessarily be a high probability of occurrence but reflects only the fact that some assumptions supporting the business plan project may prove incorrect in the future.

Evaluation: Each individual risk is listed by assessing the likelihood, i.e. the probability of occurrence per time unit and the significance, i.e. the consequences of one occurrence in descriptive terms and if possible, in monetary terms. The weight or severity of the risk is then calculated by the probability of occurrence times the consequences and can be expressed in impact unit per time unit.

Handling: Rank the risks according to their weight on the business then review each risk and decide the best method to reduce the probability of occurrence and/or to mitigate consequences e.g. by change to operations and maintenance procedures (i.e. modify the way we operate the business) or transferring of the risks to another party via an agreement (e.g. insure or hedge the risk) or change the business asset base (i.e. invest into new systems/equipment).

Business units are able to report their risks and associated weight, grouped by categories, ranked by importance or sorted by specific criteria which may be of interest to the Board of Directors and/or the Stakeholders.

Reporting: The different risks are then consolidated in order to get a global view for the business. The top 10 risks (meaning the top 10 risk factors that can turn into either threats or opportunities) are then reported to the management.

Learning: After each risk assessment an "After Action" review is performed in order to learn from it. A global evaluation of the Risk Management process and to communication of the lessons learned is performed annually.

The lessons learned are shared across the SUEZ Group together with the methodologies and best practices.

The SUEZ Risk Network is the vehicle for sharing this knowledge, using various IT tools such as a permanent Microsoft Teams room and the intranet central repository for policies and procedures.

Each risk area within the business requires a specific combination of capabilities and based on the top risks faced, specific strategies were developed, and specific capabilities built to implement those strategies. Capabilities consist of processes, tools, people (skills) and technology that are designed and deployed in an optimal fashion regarding the RM objectives of the Company.

In order to further improve its RM capabilities, the Company compares its practices with the "best in class" either inside or outside the Group.

Internal communication on risks and methods is a key enabler for continuous improvement of the RM process. To be effective, communication is not only top-down but also bottom-up and horizontal across the Company.

To embed the risk culture within the Company there is a formal employee learning process available on various systems including the SUEZ Group i-learning application, the intranet and SUEZ University amongst other initiatives.

The Audit Committee's primary concerns are the integrity of the Group's financial statements; the effectiveness of internal controls; the performance of the internal audit function; the performance and independence of the external auditors; and the Group's compliance with legal and regulatory requirements. The Committee has clearly defined terms of reference, that are reviewed annually and which outline the Committee's objectives and responsibilities relating to financial reporting, internal controls, risk management and the application of appropriate accounting standards and procedures.

The Group's Works Council committee is composed of elected employee representatives and members of the Group's leadership team as employer representatives and provides a forum that employees can use, through their employee representatives, whose contact details can be found on the intranet, to share their views, ideas and contribute to the continuous improvements within the organisation or to raise a concern about general health and safety or another company-wide topic. Invited guests introduce themselves and give the Committee an overview of their role in the Group. During the year the committee covered the implications of Brexit, provided health and safety updates and provided equality and diversity training.

The Hays Panel, the Group's Remuneration Committee's primary objective is to set remuneration at a level that will enhance the Company's resources by securing and retaining quality senior management who can deliver the Group's strategic ambitions in a manner consistent with both its purpose and the interests of its shareholders.

Section 172

The Directors are aware of their duty under section 172 of the Companies Act 2006 (as amended) (the Act) to act in a way which they consider good faith and would be most likely to promote the success of the Company for the benefit of the shareholders as a whole. The Board approaches its decision making having regard to the matters set out in section 172(1) (a) – (f) of the Act, ensuring wider stakeholder engagement, as set out in the below examples.

S172(1)(a) The likely consequences of any decision in the long term
During the year, the Directors, in consultation with the senior management of the Company, developed and approved business plans and targets for the current and proceeding financial years. Following which, the Directors closely monitored the Company's implementation throughout the year.

In developing such business plans and targets, the Directors, in addition to considering the views of stakeholders and the wider SUEZ Recycling and Recovery UK Group ('The Group') objectives, also considered other factors such as economic, political and ongoing challenges within the waste management sector to ensure both financial and operating strategy are set at sustaining levels in achieving the long term success of the Company.

The focus of the Board has been the SUEZ/Veolia merger and to drive The Group towards achieving its goals alongside its commitment to improve in each of the following eight Critical Success Factors (CSFs):

- Safety;
- Sustainable environment;
- Social value;
- Digitisation and data accuracy;
- Customer loyalty;
- Profitable business;
- Continuous improvement;
- Engaged and empowered people.

CSFs are the lens through which the Company judges how well the Company is meeting its goals and targets and provides an indication of how, and where, to prioritise future focus areas, particularly with regards to the SUEZ/Veolia merger.

The lean process is critical to improving our customer and employee value and it is the method of continuous improvement towards excellence through the alignment of the voice of customers, businesses, and shareholders. It is instrumental in developing our culture towards a lean and systems thinking approach. Periodic reviews are carried out and the Company will continue to focus on analysing processes and organising workplaces to improve efficiency at an operational and local department level.

The Directors of the Company delegated certain duties and responsibilities to various committees, further details can be found on page 4 of the strategic report, and received regular and timely information (at least monthly) on all key aspects of the business including health and safety, risks and opportunities, the financial performance of the business, strategy, operational matters, market conditions and sustainability.

In addition to the above the following were part of a list of strategic priorities identified by the Directors and senior management throughout 2021 including:

- Development of The SUEZ Way and The SUEZ Way management system;
- Development and roll out of The SUEZ Way Leadership Programme;
- Supporting SUEZ Performance and Operations Transformation (SPOT) 2023, The Group's transformation performance plan focused on how to work together as efficiently and effectively as possible for the benefit of our customers and shareholders;
- Delivery and implementation of The Group's Six Golden Rules;
- Supporting sites with preparation for Lean maturity reviews;
- Maintaining the SUEZ Business System (SBS) audits;
- Delivery of the lean academy training programme.

S172(1)(b) The interests of the Company's employees
The Directors of the Company and senior management engage with, and take into account, the views of employees in making decisions which are likely to affect their interests through a number of initiatives including:

- Group-wide employee surveys as well as other ad-hoc surveys on employee experience and workplace related matters. In November 2021 a climate survey covering health, safety and wellbeing was carried out to determine how behaviours, values, tools, resources and the vision within the organisation is perceived by all employees;
- The SUEZ UK Works Council (SWC) established a forum for dialogue between people leaders and employees who through their representatives are informed and consulted on key business issues that are likely to have a substantial impact on their working environment as well as making recommendations to improve employee experience and well-being. With regards to the SUEZ/Veolia merger, consultation with the European Works Council (EWC) started on 6 May 2021. The EWC is the European equivalent of our SWC upon which two of our SWC representatives sit upon. This is an important process where more information around the specific details of the transaction were discussed and consulted upon. Similarly, in the UK we followed the procedures laid down within the SWC constitution and consulting on the process with the UK works council;
- Regular employee communications including newsletters and business updates;
- The SUEZ Way Leadership programme for senior management was launched in 2021, developed by the Transformation and Learning and Development teams, with the aim to develop our managers' lean leadership capabilities so we have consistent working practices throughout the Company. The course consists of two modules – a foundation module that will provide a refresher on leadership best practice, followed by a module that blends this learning with advanced lean leadership;
- Supporting a growing number of active employee-led networks on matters including diversity and inclusion, gender equality, LGBT+ and religious and cultural understanding;
- Supporting a number of group-wide and local health and wellness initiatives which includes encouraging employees to volunteer, focus on physical or emotional health, or spend time on personal and/or career development; and
- The group-wide Inclusion and Diversity Council is made up of team members from across The Group's business and functions who create and review detailed plans to ensure accountability and achievement of diversity goals across The Group.

S172(1)(c) The need to foster the Company's business relationships with suppliers, customers and others
The Directors oversaw a broad program of stakeholder engagement by the Company in ensuring good corporate citizenship as well as bilateral and multilateral dialogue with key stakeholders throughout the year as follows:

- The Directors and senior management regularly engaged and consulted with the Company's customers, suppliers and partners in a variety of forums and through everyday operations to obtain feedback, build closer relationships and resolve day-to-day business matters. The Company employed various customer experience insight tools and obtained customer satisfaction and other related data through customer surveys. The insight tools enabled us to identify customer needs and build customer value propositions and services tailored to meet these. Understanding performance of our Customer Standards from customers' perspective, gives key insights to direct continuous improvement activities through transformation projects or/and small incremental changes. The insight supports our efforts to make it easy for our customers to deal with us – one of the fundamental customer needs and supports our continuous service improvement and relationships deepening efforts.;

- The Company participated in a number of customer and industry events at a local and group-wide level including presenting at the 26th United Nations Climate Change Conference of the Parties (COP26) live event in Glasgow focusing on the resources sector and its involvement in the decarbonisation objectives set out by COP and hosting a site visit and tour of our engineering facilities at Packington Landfill near Birmingham by the Worcestershire branch of the Institute of Mechanical Engineers (IMechE);
- Government and industry engagement is regularly undertaken including through membership of recognised organisations such as the Environmental Services Association (ESA), Chartered Institution of Wastes Management (CIWM), and local authority trade bodies such as the Association of Directors of Environment, Economy, Planning and Transport (ADEPT), Local Government Organisation (LGA), The Local Authority Recycling Advisory Committee (LARAC) and the Confederation of British Industry and Let's Recycle; and
- The Company's Compensation and Benefits functions regularly engaged with, and where appropriate consulted, the trustees of the Company's pension schemes, updating and consulting the Board, as appropriate on key matters and decisions.

S172(1)(d) The impact of the Company's operations on the community and the environment
The Company and our employees believe it is important to give something back to the communities we work in and to society. We do this in many ways. We organise these activities into a programme under our corporate responsibility strategy and call it 'Giving Something Back'. The programme aims to encourage everyone in the Company to get involved with local causes and support national charities.

Engagement normally takes place locally through our local offices and sites, with many individuals from our operations and the planning team having regular two-way conversations with community representatives to discuss our activities and the local topics that impact us both. The Science, Technology, Engineering and Mathematics (STEM) programme helps to improve the learning and career prospects of local people at the same time as enhancing our reputation and helping to develop our people, our education programmes, community consultation and involvement through various community Trusts. In 2021 we supported the annual one day schools STEM event at the 'Festival of Innovation' in Malvern Worcestershire at which a STEM Ambassador staffed an Institute of Mechanical Engineers' stand which was positively received.

We maintain a collaborative and positive relationship with our key environmental regulators, the Environment Agency and Scottish Environmental Protection Agency.

Using the Social Profit Calculator tool, The Group can now understand and demonstrate the social value created at the level of a local community or individual project, as well as Company-wide. We know the social value commitments we make to our clients and this is guiding decision-making across the business. Our four values are:

- Having passion for the environment by contributing to preserving and restoring the planet's natural capital,
- Putting the customer first by being accountable and open-minded developing a partnership culture to provide the best solutions for our customers and clients,
- Respect by caring for the safety and wellbeing of everyone, acting ethically and with integrity and respecting diversity of skills, personalities and background, and
- Team spirit by learning from and trusting others.

The Group agreed a renewable electricity self-supply deal, which enables SUEZ to power UK operations with 100% own-generated renewable electricity. Thereby reducing the businesses impact on the environment when compared with non-renewable sources.

As a net exporter of energy with over 300 sites in the UK, many of which generate renewable electricity, SUEZ aims to close the loop by using own-generated electricity from its facilities to power all business operations in the UK. The renewable electricity generated by us is a combination of energy generated from energy-from-waste facilities (Efw) and landfill gas sites. In the UK, approximately 10% of the renewable electricity generated is supplied directly back to the business through the self-supply deal.

SUEZ receives a Renewable Energy Guarantee of Origin (REGO) certificate for every megawatt hour of renewable electricity generated, from the regulator, Ofgem, which verifies that the electricity is 100% renewable.

SUEZ is able to supply the rest of the business and operations at all of its 300 sites across the UK with own generated renewable power. This includes self-supply to large Private Finance Initiative (PFI) waste contracts, including Greater Manchester, Cornwall and West London. As the deal is REGO certified, the electricity is guaranteed as 100% renewable.

Under Sustainable Environment we celebrated biodiversity improvements across the business including:

- The team from our road sweeping facility in Walsall demonstrated The Group's commitment to sustainability and social value by helping a local infant school go green by donating upcycled planters, bird boxes, bug hotels and water bottles;
- Significantly reduced fly-tipping around the river water pumping station in Bolton where we supply power to the Council's CCTV system;
- Flora and fauna around the various sites including Tees Valley and Maidenhead are developing nicely;
- Five beehives installed at Seghill in collaboration with a local beekeeping society have already started producing honey and contribute to the enhancement of our biodiversity programme.

We also launched our Sustainable Environment Activity Tracker (SEAT) app which makes it easier for our employees to capture and communicate all the positive social and environmental actions we undertake. The data from the app is used to identify and promote good ideas and practices across the business and for our sustainability report and social profit calculations to ensure we are calculating our future social profit based on all of our activities. At the end of 2021 there were 2578 completed events recorded in the SEAT. We began recruiting for our Sustainability Champions as well as continuing our charity endeavours raising £165,789 for our corporate charity partner, Macmillan Cancer Support!
Throughout the year, the Directors and management of the Company actively encouraged the Company's employees to participate in a number of activities

- The Group allows employees of the Company to donate their time and talent to their local community;
- The Company and its workforce participated in group-wide Global Day initiative through a number of UK sponsored events which helped various charitable causes and local communities; and
- Throughout the year, despite the pandemic, our employees found ways to improve our environment and support our local communities from litter picks and creating habitats for wildlife, to supporting local charities and projects with schools.

The Group is committed to providing products and services that are environmentally safe throughout their lifecycles and conduct operations in an environmentally responsible and sustainable manner.

Accordingly, the Company participates in a number of group-wide initiatives on environmental responsibility and sustainability, further details of which can be found in our sustainability report for 2021 which went live in October 2021 and is available to download from our website www.suez.co.uk.

S172(1)(e) The desirability of the Company maintaining a reputation for high standards of business conduct

Strategic report (continued)
For the Year Ended 31 December 2021

The Group has group-wide policies as well as mandatory annual Ethics training which apply to the Company's entire workforce and govern business practices and provides guidance for ethical decision making. These groupwide policies govern conduct with the Company's customers, suppliers, partners as well as matters relating to anti-corruption, conflicts of interest, amenities, workplace harassment and supply chain responsibility amongst many other key matters.

The Group has a separately designated standing Audit team and function which continuously throughout the year, on a weekly basis, conducts internal compliance audits of The Group's business operations and functions including those of the Company.

Every person in their day-to-day behaviour, in the way they perform their roles and responsibilities and in their business dealings with others, must apply The Group's values and ethics principles, which are:

- Acting in accordance with laws and regulations;
- Establishing a culture of integrity;
- Behaving fairly and honestly;
- Respecting others.

Each person should seek to use good sense and judgment in his/her actions, which is why it is normal and natural to discuss the ethical questions and dilemmas inherent in any professional activity with colleagues and line managers. Identifying ethical conduct and avoiding mistakes are processes that contribute to the pursuit of excellence. Ethical behaviour requires both personal and team commitment.

S172(1)(f) The need to act fairly as between members of the Company
For the year under review, we have been a wholly owned subsidiary within The Group, with the Chief Executive Office and the Finance Director also sitting on our Board. Relevant decisions of the Board are also discussed, where relevant, at the meetings of the Parent Company Board.

This report was approved by the board on 30 September 2022 and signed on its behalf.

Chris Thorn
Chris Thorn (Sep 30, 2022 13:14 GMT+1)

C Thorn
Director

Directors' report
For the Year Ended 31 December 2021

The Directors present their report and the financial statements for the year ended 31 December 2021.

Directors' responsibilities statement

The Directors are responsible for preparing the Strategic report, the 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 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 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 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 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 to 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.

Principal activity

The principal activities of the Company are waste management encompassing waste disposal collection and ancillary services.

Results and dividends

The profit for the year, after taxation, amounted to £22,412,000 *(2020 - £6,476,000)*.

In the year ended 31 December 2021 no dividends have been declared or paid to the parent company SUEZ Recycling and Recovery Holdings UK Limited (2020 - £Nil).

Directors

The Directors who served during the year were:

J Scanlon
F Duval (resigned 31 October 2021)
G Mayson
C Thorn

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.

Environmental impact

Statement of carbon emissions in compliance with Streamlined Energy and Carbon Reporting (SECR) covering energy use and associated greenhouse gas emissions relating to gas, electricity and transport, intensity ratios and information relating to energy efficiency actions.

	2021	*2020*
Total energy consumption used to calculate emissions (kwh)	**6,695,541,370**	*6,621,617,359*
Emissions from the combustion of landfill gas & biogas (tCO2e) (Scope 1)	**43**	*40*
Emissions from combustion of gas (tCO2e) (Scope 1)	**2,949**	*4,803*
Emissions from combustion of fuel for transport purposes (tCO2e) (Scope 1)	**38,242**	*55,328*
Emissions from business travel in rental cars or employee-owned vehicles where company is responsible for purchasing the fuel (tCO2e) (Scope 3)	**356**	*690*
Emissions from purchased electricity (tCO2e) (Scope 2, location-based)	**12,122**	*17,381*
Total gross CO2e ((tCO2e)	**932,700**	*863,843*
Intensity ratio: tCO2e gross figure	**0.81**	*0.79*

Methodology

Carbon emissions reported using the GHG Protocol Corporate Accounting and Reporting Standard Revised Edition together with the carbon conversion factors published by the UK's Department for Business, Energy and Industrial Strategy (BEIS) in July 2022. Where UK Government factors are unavailable, the Entereprises pour l'Environnement (EpE) Protocol for the Quantification of Greenhouse Gas Emissions from Waste management Activities - Version 5 - October 2013 tool has been used which has the 'Built on the GHG Protocol' label.

Energy Efficiency Action

During the year The Group has undertaken a number of energy and carbon reduction improvement actions. These are summarised as follows and are associated with the electricity and fuel consumed, the infrastructure and equipment operated, and the training and education that The Group provide to its employees as well as our wider stakeholders in order to further

The Group's efforts towards sustainable resource consumption and achieving net-zero:

Electricity
Ensuring the continued purchase of 100% renewable electricity for The Group's operations.

Fuel
The Group still promote the uptake of digital meetings to avoid travel where possible. The Meeting Impact Calculator is a tool developed by The Group to help understand the financial and environmental impact of conducting the meeting. The impact calculator is used to help inform its decisions.

Directors' report (continued)
For the Year Ended 31 December 2021

Infrastructure and Equipment
After the introduction of electric vehicles into The Group's car fleet in 2020, The Group now have 185 cars, 3 vans and 4 Refuse Collection Vehicles (RCV), together with the installation of 194 electric vehicle charging points at 51 of its facilities to support its transition towards an electric company car fleet.

A project is underway to see what alternatives exist to halt the continued use of diesel generators for different types of applications, i.e. leachate pumps, remote office power etc.
Awareness and Education
With the continuation of The Group's 10 Sustainability Principles and network of Sustainability Champions to put sustainable behaviours at the heart of how we operate, The Group now have a sustainability champion at 98% of its facilities. Staff have also attended and hosted various internal and external webinars to raise awareness and education of reducing consumption and associated carbon emissions.

In 2022, The Group will aim to continue to improve the energy efficiency and reduce The Group's carbon emissions whilst also working with customers and supply chain to help them decarbonise. Amongst other actions, The Group intends to continue with the LED lighting installation program and truly embed the sustainability champions network and implementation of The Group's 10 sustainability principles to further drive a reduction in resource consumption and The Group's efforts toward achieving net-zero.

Future developments

The Directors expect the company will continue to be profitable and trade at similar volumes for the foreseeable future.

Directors' report (continued)
For the Year Ended 31 December 2021

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 Group"). The Group 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 result, the directors believe that The Group is well placed to manage its business risks successfully despite the current uncertain economic outlook.

The directors are of the opinion that the going concern basis continues to be the appropriate basis for the preparation of the financial statements as SUEZ UK Group Holdings Limited has confirmed its intention and ability to provide such financial support as may be necessary to allow the Company to continue to operate as a going concern and to meet all of its obligations in full until the change of ownership to SUEZ S.A. as described below. SUEZ UK Group Holdings Limited, has also confirmed that the Company will not be required to pay amounts due to other group undertakings unless the Company has sufficient funds to pay other creditors in full, during this period.

Following the change in ownership post year end (note 33), the Group now benefits from a current account overdraft facility from the French parent company SUEZ SA, now known as Vigie SA (ultimately owned by Veolia Environnement SA) to finance day to day activities. This facility is held by SUEZ UK Group Holdings Limited. It also benefits from long term loans with SUEZ SA, now known as Vigie SA (ultimately owned by Veolia Environnement SA) regarding some of our major infrastructure projects. The loans are subject to contractual terms and repayment schedules in line with the operational activities of the infrastructure that they finance.

The Group currently has no external (non group) loans in place. Cashflow forecasts for The Group show that it is not expected that the overdraft facility will be breached in the next 12 months, with significant headroom for any unknown events also. Therefore no sensitivity analysis has been performed.

On 25th August 2022 the UK Competition and Markets Authority (CMA) concluded that Veolia will be required to sell its interests in SUEZ Recycling and Recovery activities in the UK to remedy the competition concerns found. Veolia is obliged to continue its financial support to SUEZ Recycling and Recovery activities in the UK until this sale is complete via the current account overdraft facility currently in place. Thereafter, The Group will require funding from its new owners or from external finance markets. Veolia has agreed to sell its interest in SUEZ Recycling and Recovery activities in the UK to SUEZ S.A. subject to CMA approval. This is expected to be via the sale of the immediate holding company SUEZ Recycling & Recovery UK Group Holdings Limited.

SUEZ Recycling and Recovery Holdings UK has agreed Outline Heads of Terms with a UK bank for an overdraft facility of £75m should this be required following the change of ownership. Cashflow forecasts indicate adequate headroom between cash requirements over the next 12 months and the £75m overdraft limit. Long term loans currently held with Veolia will be taken on by the new owner with no changes in terms or conditions. Subsequent to the change in ownership, SUEZ Recycling and Recovery Holdings UK Limited has confirmed its intention and ability to provide such financial support as may be necessary to allow the Company to continue to operate as a going concern and to meet all of its obligations in full for the next twelve months from the signing date of these financial statements. SUEZ Recycling and Recovery Holdings UK Limited has also confirmed that the Company will not be required to pay amounts due to other group undertakings unless the Company has sufficient funds to pay other creditors in full, during this period.

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 financial statements.

Research and Development

The Company undertakes research and development projects where innovation can help towards the strategy of the business. In recent years this has included the development of an e-commerce platform along with an online customer portal and subcontractor portal.

Directors' report (continued)
For the Year Ended 31 December 2021

Engagement with employees

The company's employee involvement policy is driven by the SUEZ R&R UK Group. The SUEZ R&R UK Group places considerable value on the involvement of its employees and has continued to keep them informed on matters affecting them as employees and on the various factors affecting the performance of the group. This is achieved through formal and informal meetings and the SUEZ R&R UK Group magazine. Employee representatives are consulted regularly on a wide range of matters affecting their current and future interests.

Engagement with suppliers, customers and others

Further details of engagement with suppliers, customers and other stakeholders are contained within the Statement of corporate governance arrangements section of the strategic report on pages 4 to 11.

Disabled employees

Applications for employment from disabled persons are always fully considered, bearing in mind the aptitudes of the applicant concerned. In the event of members of staff becoming disabled every effort is made to ensure that their employment with the Group continues and that appropriate training is arranged. It is the policy of the Group that the training, career development and promotion of disabled persons should, as far as possible, be identical with that of other employees.

Donations

The Company made £68,000 of charitable donations in the year (2020: £295,000). The Company made no political contributions/donations during the year or in the prior year.

Matters covered in the Strategic report

As permitted by Paragraph 1A of Schedule 7 of the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008, certain matters which are required to be disclosed in the Directors' report have been omitted as they are included in the Strategic report. These matters relate to financial instrument risk and review of the business performance.

Statement of corporate governance arrangements

Details of corporate governance arrangements can be found in the Strategic Report on pages 4 to 11.

Disclosure 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 the director is aware, there is no relevant audit information of which the Company's auditor is unaware, and
- the director 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.

Auditor

The reappointment of the auditors will be considered at the Company's AGM.

This report was approved by the board on 30 September 2022 and signed on its behalf.

Chris Thorn
Chris Thorn (Sep 30, 2022 13:14 GMT+1)

C Thorn
Director

Independent auditor's report to the member of SUEZ Recycling and Recovery UK Ltd

Opinion

We have audited the financial statements of SUEZ Recycling and Recovery UK Ltd (the 'Company') for the year ended 31 December 2021, which comprise the Statement of comprehensive income, the Statement of financial position, the Statement of changes in equity and the related notes, 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 Financial Reporting Standard 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 2021 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.

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 UK, including the FRC'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.

Independent auditor's report to the member of SUEZ Recycling and Recovery UK Ltd (continued)

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the director's use of the going concern basis of accounting in the preparation of the financial statements is appropriate. Our audit procedures to evaluate the Directors' assessment of the company's ability to continue to adopt the going concern basis of accounting included but were not limited to:

- Undertaking an initial assessment at the planning stage of the audit to identify events or conditions that may cast significant doubt on the company's ability to continue as a going concern;
- Obtaining an understanding of the relevant controls relating to the Directors' going concern assessment;
- Evaluating the Directors' method to assess the company's ability to continue as a going concern;
- Reviewing the Directors' going concern assessment;
- Evaluating the key assumptions used and judgements applied by the Directors in forming their conclusions on going concern; and
- Reviewing the appropriateness of the Directors' disclosures in the financial statements.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the Directors with respect to going concern are described in the relevant sections of this report.

In forming our opinion on the financial statements, which is not modified, we draw your attention to the directors' consideration of the going concern basis of preparation in note 2.3 which details the impact of the change of control post year-end as well as the outcome of the Competition and Markets Authority's investigation in to the Veolia / SUEZ merger. Based on the information available at this point in time, the directors have assessed that adopting the going concern basis for preparation of the financial statements is appropriate.

Other information

The Directors are 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. The directors are responsible for the other information contained within the annual report. 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.

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 course of 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 this gives rise to a material misstatement in the financial statements themselves. 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.

Independent auditor's report to the member of SUEZ Recycling and Recovery UK Ltd (continued)

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 Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic report and the Directors' 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 Directors' 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 Directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Independent auditor's report to the member of SUEZ Recycling and Recovery UK Ltd (continued)

Responsibilities of directors

As explained more fully in the Directors' responsibilities statement on page 12, the Directors are 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 Directors determine 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 Directors are 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 Directors either intend 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 the financial statements.

The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud.

Based on our understanding of the company and its industry, we considered that non-compliance with the following laws and regulations might have a material effect on the financial statements: employment regulation, environmental legislation, health and safety regulation, anti-money laundering regulation, non-compliance with implementation of government support schemes relating to COVID-19.

To help us identify instances of non-compliance with these laws and regulations, and in identifying and assessing the risks of material misstatement in respect to non-compliance, our procedures included, but were not limited to:

- Inquiring of management and, where appropriate, those charged with governance, as to whether the company is in compliance with laws and regulations, and discussing their policies and procedures regarding compliance with laws and regulations;
- Inspecting correspondence, if any, with relevant licensing or regulatory authorities;
- Communicating identified laws and regulations to the engagement team and remaining alert to any indications of non-compliance throughout our audit; and
- Considering the risk of acts by the company which were contrary to applicable laws and regulations, including fraud.

We also considered those laws and regulations that have a direct effect on the preparation of the financial statements, such as tax legislation, pension legislation, the Companies Act 2006.

Independent auditor's report to the member of SUEZ Recycling and Recovery UK Ltd (continued)

Auditor's responsibilities for the audit of the financial statements (continued)

In addition, we evaluated the directors' and management's incentives and opportunities for fraudulent manipulation of the financial statements, including the risk of management override of controls, and determined that the principal risks related to posting manual journal entries to manipulate financial performance, management bias through judgements and assumptions in significant accounting estimates, in particular in relation to the valuation of goodwill, intangible and tangible fixed assets, recognition of deferred tax assets, valuation of landfill and maintenance provisions, the defined benefit pension scheme liability valuation, revenue recognition (which we pinpointed to the cut-off assertion), and significant one-off or unusual transactions.

Our audit procedures in relation to fraud included but were not limited to:

- Making enquiries of the directors and management on whether they had knowledge of any actual, suspected or alleged fraud;
- Gaining an understanding of the internal controls established to mitigate risks related to fraud;
- Discussing amongst the engagement team the risks of fraud; and
- Addressing the risks of fraud through management override of controls by performing journal entry testing

There are inherent limitations in the audit procedures described above and the primary responsibility for the prevention and detection of irregularities including fraud rests with management. As with any audit, there remained a risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal controls.
A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

This report is made solely to the company's members as a body 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 members 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 members as a body for our audit work, for this report, or for the opinions we have formed.

Jon Barnard (Sep 30, 2022 13:49 GMT+1)

Jonathan Barnard (Senior statutory auditor)

for and on behalf of
Mazars LLP

Chartered Accountant and Statutory Auditor

90 Victoria Street
Bristol
BS1 6DP
Date: Sep 30, 2022

Statement of comprehensive income
For the Year Ended 31 December 2021

	Note	2021 £000	2020 £000
Turnover	4	**713,048**	*615,603*
Cost of sales		**(632,283)**	*(556,548)*
Gross profit		**80,765**	*59,055*
Administrative expenses		**(64,002)**	*(62,959)*
Other operating income	5	**701**	*2,096*
Operating profit/(loss)	6	**17,464**	*(1,808)*
Income from fixed asset investments	9	**3,371**	*3,170*
Interest receivable	10	**9,071**	*8,932*
Interest payable and similar expenses	11	**(1,824)**	*(3,195)*
Other finance expense	12	**(240)**	*(230)*
Profit before tax		**27,842**	*6,869*
Tax on profit	13	**(5,430)**	*(393)*
Profit for the financial year		**22,412**	*6,476*
Other comprehensive income:			
Items that will not be reclassified to profit or loss:			
Actuarial gain/(loss) on defined benefit schemes		**11,447**	*(6,652)*
Movements of deferred tax relating to pension gain/(loss)		**(1,317)**	*1,625*
Total other comprehensive income/(loss)		**10,130**	*(5,027)*
Total comprehensive income for the year		**32,542**	*1,449*

The notes on pages 28 to 64 form part of these financial statements.

The profit and total comprehensive income is attributable to continuing operations.

Statement of financial position
As at 31 December 2021

	Note		2021 £000		2020 £000
Fixed assets					
Intangible assets	14		**7,717**		*7,927*
Tangible fixed assets	15		**153,992**		*126,726*
Investments	16		**9,129**		*9,129*
			170,838		*143,782*
Current assets					
Stocks	17	**12,236**		*7,269*	
Debtors: amounts falling due after more than one year	18	**145,056**		*128,946*	
Debtors: amounts falling due within one year	18	**200,924**		*173,717*	
Cash at bank and in hand	19	**510**		*582*	
		358,726		*310,514*	
Creditors: amounts falling due within one year	20	**(260,101)**		*(221,624)*	
Net current assets			**98,625**		*88,890*
Total assets less current liabilities			**269,463**		*232,672*
Creditors: amounts falling due after more than one year	21		**(36,065)**		*(36,216)*
			233,398		*196,456*
Provisions for liabilities					
Other provisions	25	**(40,043)**		*(22,688)*	
			(40,043)		*(22,688)*
Net assets excluding pension liability			**193,355**		*173,768*
Pension liability	30		**(9,484)**		*(22,439)*
Net assets			**183,871**		*151,329*

Statement of financial position (continued)
As at 31 December 2021

	Note	2021 £000	2020 £000
Capital and reserves			
Called up share capital	26	**60,131**	*60,131*
Share premium account	27	**11,733**	*11,733*
Capital redemption reserve	27	**60**	*60*
Profit and loss account	27	**111,947**	*79,405*
Shareholder's funds - equity		**183,871**	*151,329*

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 30 September 2022

Chris Thorn
Chris Thorn (Sep 30, 2022 13:14 GMT+1)

C Thorn
Director

The notes on pages 28 to 64 form part of these financial statements.

Statement of changes in equity
For the Year Ended 31 December 2021

	Called up share capital	Share premium account	Capital redemption reserve	Profit and loss account	Total equity
	£000	£000	£000	£000	£000
At 1 January 2021	60,131	11,733	60	79,405	151,329
Comprehensive income for the year					
Profit for the year	-	-	-	22,412	22,412
Actuarial gains on pension scheme	-	-	-	10,130	10,130
Other comprehensive income for the year	-	-	-	10,130	10,130
Total comprehensive income for the year	-	-	-	32,542	32,542
Total transactions with owners	-	-	-	-	-
At 31 December 2021	60,131	11,733	60	111,947	183,871

The notes on pages 28 to 64 form part of these financial statements.

Statement of changes in equity
For the Year Ended 31 December 2020

	Called up share capital	Share premium account	Capital redemption reserve	Profit and loss account	Total equity
	£000	£000	£000	£000	£000
At 1 January 2020	**60,131**	**11,733**	**60**	**77,956**	**149,880**
Comprehensive income for the year					
Profit for the year	-	-	-	**6,476**	**6,476**
Actuarial losses on pension scheme	-	-	-	**(5,027)**	**(5,027)**
Other comprehensive income for the year	-	-	-	**(5,027)**	**(5,027)**
Total comprehensive income for the year	-	-	-	**1,449**	**1,449**
Total transactions with owners	-	-	-	-	-
At 31 December 2020	**60,131**	**11,733**	**60**	**79,405**	**151,329**

The notes on pages 28 to 64 form part of these financial statements.

1. General information

SUEZ Recycling and Recovery UK Ltd is a private company limited by shares 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 Registered number is 02291198.

The principal activities of the Company are waste management encompassing waste disposal collection and ancillary services.

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 Ltd, incorporated and registered in the United Kingdom, which owns 100% of the Company ordinary share capital. At the balance sheet date, the ultimate parent company was SUEZ SA, a company incorporated and registered in France.

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

Ownership of SUEZ Recycling and Recovery Holdings UK Limited has changed since the balance sheet date, see note 33 for details.

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 (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).

The following principal accounting policies have been applied:

2. Accounting policies (continued)

2.2 Financial reporting standard 101 - reduced disclosure exemptions

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

- the requirements of IFRS 7 Financial Instruments: Disclosures.
- the requirements of paragraphs 91-99 of IFRS 13 Fair Value Measurement.
- the requirement in paragraph 38 of IAS 1 'Presentation of Financial Statements' to present comparative information in respect of:
  - paragraph 79(a)(iv) of IAS 1;
  - paragraph 73(e) of IAS 16 Property, Plant and Equipment; and
  - paragraph 118(e) of IAS 38 Intangible Assets.
- the requirements of paragraphs 10(d), 10(f), 16, 38A, 38B, 38C, 38D, 40A, 40B, 40C, 40D, 111 and 134-136 of IAS 1 Presentation of Financial Statements.
- the requirements of IAS 7 Statement of Cash Flows.
- the requirements of paragraphs 30 and 31 of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors.
- the requirements of paragraph 17 of IAS 24 Related Party Disclosures.
- the requirements in IAS 24 Related Party Disclosures to disclose related party transactions entered into between two or more members of a Group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member.
- the requirements of paragraphs 134(d)-134(f) and 135(c)-135(e) of IAS 36 Impairment of Assets.
- the requirements of paragraphs 6 to 21 of IFRS 1 First-time adoption of International Financial Reporting.
- The requirements of the second sentence of paragraph 110 and paragraphs 113(a), 114, 115, 118, 119(a) to (c), 120 to 127 and 129 of IFRS 15 Revenue from Contracts with Customers.
- The requirements of paragraph 52, the second sentence of paragraph 89, and paragraphs 90, 91 and 93 of IFRS 16 Leases.

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 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.

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 Group"). The Group 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 result, the directors believe that The Group is well placed to manage its business risks successfully despite the current uncertain economic outlook.

The directors are of the opinion that the going concern basis continues to be the appropriate basis for the preparation of the financial statements as SUEZ UK Group Holdings Limited has confirmed its intention and ability to provide such financial support as may be necessary to allow the Company to continue to operate as a going concern and to meet all of its obligations in full until the change of ownership to SUEZ S.A. as described below. SUEZ UK Group Holdings Limited, has also confirmed that the Company will not be required to pay amounts due to other group undertakings unless the Company has sufficient funds to pay other creditors in full, during this period.

Following the change in ownership post year end (note 33), the Group now benefits from a current account overdraft facility from the French parent company SUEZ SA, now known as Vigie SA (ultimately owned by Veolia Environnement SA) to finance day to day activities. This facility is held by SUEZ UK Group Holdings Limited. It also benefits from long term loans with SUEZ SA, now known as Vigie SA (ultimately owned by Veolia Environnement SA) regarding some of our major infrastructure projects. The loans are subject to contractual terms and repayment schedules in line with the operational activities of the infrastructure that they finance.

The Group currently has no external (non group) loans in place. Cashflow forecasts for The Group show that it is not expected that the overdraft facility will be breached in the next 12 months, with significant headroom for any unknown events also. Therefore no sensitivity analysis has been performed.

On 25th August 2022 the UK Competition and Markets Authority (CMA) concluded that Veolia will be required to sell its interests in SUEZ Recycling and Recovery activities in the UK to remedy the competition concerns found. Veolia is obliged to continue its financial support to SUEZ Recycling and Recovery activities in the UK until this sale is complete via the current account overdraft facility currently in place. Thereafter, The Group will require funding from its new owners or from external finance markets. Veolia has agreed to sell its interest in SUEZ Recycling and Recovery activities in the UK to SUEZ S.A. subject to CMA approval. This is expected to be via the sale of the immediate holding company SUEZ Recycling & Recovery UK Group Holdings Limited.

SUEZ Recycling and Recovery Holdings UK has agreed Outline Heads of Terms with a UK bank for an overdraft facility of £75m should this be required following the change of ownership. Cashflow forecasts indicate adequate headroom between cash requirements over the next 12 months and the £75m overdraft limit. Long term loans currently held with Veolia will be taken on by the new owner with no changes in terms or conditions. Subsequent to the change in ownership, SUEZ Recycling and Recovery Holdings UK Limited has confirmed its intention and ability to provide such financial support as may be necessary to allow the Company to continue to operate as a going concern and to meet all of its obligations in full for the next twelve months from the signing date of these financial statements. SUEZ Recycling and Recovery Holdings UK Limited has also confirmed that the Company will not be required to pay amounts due to other group undertakings unless the Company has sufficient funds to pay other creditors in full, during this period.

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.

2. Accounting policies (continued)

Accordingly, they continue to adopt the going concern basis in preparing the annual report and financial statements.

2.4 Revenue

Turnover is measured at the fair value of the consideration received or receivable once performance obligations have been fulfilled. Turnover is reduced for value added taxes and trade discounts and commodity rebates. The methodology and assumptions for the calculations of trade discounts and commodity rebates are monitored and adjusted regularly with reference to contractual and legal obligations, historical trends, past experiences and projected market conditions. The nature of the service provided by the Company means that returns or refunds are extremely limited. Landfill tax is a tax we incur. Where possible we endeavour to charge this on and recover from our customers.

Sale of Recyclates

Revenue from the sale of recyclates is recognised when the performance obligation has been met, the goods are delivered and titles have passed and therefore at a point in time.

Disposal of Waste

Revenue from waste processing, treatment and landfill facilities is recognised when the performance obligation has been met which is deemed to be when waste is physically received at the Company's sites.

Collection revenues are recognised at the point of collection from customer sites. For municipal collections, revenue is recognised in accordance with quantities specified in the customer contracts.

Operation and maintenance revenue is measured by a contractual fixed and variable fee. Differences between the amounts recognised in the income statement and amount invoiced at the period end are recognised as a contract asset or contract liability within debtors and creditors shown in the statement of financial position.

Operation and maintenance revenue is measured by a contractual fixed and variable fee. The variable fee mainly relates to tonnage based fees and there are no constraints on this.

Electricity Revenue

Energy generation revenue is recognised at the point that power is supplied to the customer based on the quantity of units supplied.

Transaction prices are derived by underlying contractual arrangements.

2.5 Other intangible assets

Intangible assets are initially recognised at cost. After recognition, under the cost model, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

Intangible assets are made up of waste collection rounds acquired by the company. Such assets are assessed as having a finite useful economic life of 10 years amortised on a straight-line basis. Amortisation is recognised within administrative expenses on the statement of comprehensive income.

2. Accounting policies (continued)

2.6 Goodwill

Goodwill represents the excess of the cost of a business combination over the total acquisition date fair value of the identifiable assets, liabilities and contingent liabilities acquired.

Cost comprises the fair value of assets given, liabilities assumed and equity instruments issued.

When a business combination agreement provides for an adjustment to the cost of the combination which is contingent on future events, the company includes the estimated amount of that adjustment in the cost of the combination at the acquisition date if the adjustment is probable and can be measured reliably. However, if the potential adjustment is not recognised at the acquisition date but subsequently becomes probable and can be measured reliably, the additional consideration shall be treated as an adjustment to the cost of the combination. Changes in the estimated value of contingent consideration arising on business combinations completed as a consequence result in a change in the carrying value of the related goodwill.

Goodwill is capitalised as an intangible asset and is not amortised. Instead it is reviewed annually for impairment with any impairment in carrying value being charged to profit or loss. The Companies Act 2006 requires acquired goodwill to be reduced by provisions for depreciation calculated to write off the amount systematically over a period chosen by the directors, not exceeding its useful economic life. It has been deemed, however, the non-amortisation of goodwill is a departure, for the overriding purpose of giving a true and fair view. The effect of this departure has not been quantified because it is impracticable and, in the opinion of the directors, would be misleading.

2.7 Tangible fixed assets

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

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

Depreciation is provided on the following basis:

Freehold property	- 10 - 30 years, straight line
Landfill airspace and engineering	- On the basis of airspace used
Plant & machinery	- 3 - 15 years, straight line
Motor vehicles	- 4 - 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 profit or loss.

2. Accounting policies (continued)

2.8 Valuation of investments

Investments in subsidiaries, associates and joint ventures are measured at cost less accumulated impairment.

2.9 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.

2.10 Business combinations under common control

For business combinations under common control, where the transaction does not affect non-controlling shareholders of the Company, the book value method is used when transferring asset and liabilities into the Company.

2.11 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

2.12 Financial instruments

Financial assets and financial liabilities are initially measured at fair value.

All recognised financial assets are subsequently measured in their entirety at either fair value or amortised cost, depending on the classification of the financial assets.

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 recognises its financial assets at amortised cost using the effective interest rate method, less provision for impairment.

The Company assesses possible increase in credit risk for financial assets measured at amortised cost at the end of each reporting period. For trade receivables the simplified approach is used, and the loss allowance is measured at the estimate of the lifetime expected credit losses. The amount of any loss allowance is recognised in profit or loss.

Impairment of financial assets
Financial assets, are assessed for indicators of impairment at the end of each reporting period. The Company recognises a loss allowance for expected credit losses. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition.

The expected credit losses are estimated based on the company's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast future conditions at the reporting date.

2. Accounting policies (continued)

2.12 Financial instruments (continued)

For financial assets, the expected credit loss is estimated as the difference between all contractual cash flows that are due to the Company in accordance with the contract and all the cash flows that the Company expects to receive.

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Company compares the risk of a default occurring on the financial instrument at the reporting date with the risk of a default occurring on the financial instrument at the date of initial recognition. In making this assessment, the Company considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward looking information that is available without undue cost or effort.

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

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

2.13 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.

2.14 Government grants

Government grants are not recognised until there is reasonable assurance that the company will comply with the conditions attaching to them and that the grants will be received.

Government grants towards staff costs are recognised as income over the periods necessary to match them with the related costs and are presented as a credit in the Statement of comprehensive income within 'other operating income'.

2.15 Interest expense

Interest expenses are charged to profit or loss 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. Accounting policies (continued)

2.16 Pensions

Defined contribution pension plan

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

The contributions are recognised as an expense in the Income statement when they fall due. Amounts not paid are shown in accruals as a liability in the Statement of financial position. The assets of the plan are held separately from the Company in independently administered funds.

Defined benefit pension plan

The Company is the sponsoring entity for a number of defined benefit pension schemes and the pension charge is based on full actuarial valuations dated between 31 December 2018 and 5 April 2019.

In accordance with IAS 19 'Employee benefits', the service cost of the pension provision relating to the period, together with the cost of any benefits relating to past service, is charged to the profit and loss account. A charge equal to the increase in the present value of the scheme liabilities (because the benefits are closer to settlement) and a credit equivalent to the Group's long term expected returns on assets (based on the market value of the scheme assets at the start of the period) is included in the profit and loss account under 'Net finance charge on pension scheme obligations'.

The difference between the market value of the assets of the scheme and the present value of the accrued pension liabilities is shown as an asset or liability on the balance sheet net of deferred tax. Any difference between the expected return on assets that is actually achieved is recognised as other comprehensive income along with differences arising from experience or assumption changes.

2.17 Interest income

Interest income is recognised in profit or loss using the effective interest method.

2. Accounting policies (continued)

2.18 Provisions for liabilities

Provisions are recognised where: the company has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount can be reliably estimated.

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, this is built up over time as the cells are capped.

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 2.44% (2020 - 2.40%) and discounted by 5.84% (2020 between 5.99% and 6.01%). 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.

Maintenance Provisions

Maintenance provision associated with the costs of maintaining and replacing assets as required under the terms of contracts in place with Local Authorities. The company estimates its total future requirements for maintenance costs for the facilities operated and maintained under the respective contracts to create a provision. This provision is then released over the life of the contract.

2. Accounting policies (continued)

2.19 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in profit or loss except that a charge 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 temporary 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.

2.20 Leases

The Company as a lessee

The Company assesses whether a contract is or contains a lease, at inception of a contract. The Company recognises a right-of-use asset and a corresponding lease liability with respect to all lease agreements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets. For these leases, the Company recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

Lease payments included in the measurement of the lease liability comprise:

- fixed lease payments (including in-substance fixed payments), less any lease incentives;

The lease liability is included in 'Creditors' on the Statement of financial position.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

The Company did not make any such adjustments during the periods presented.

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day and any initial direct costs. They are

2. Accounting policies (continued)

2.20 Leases (continued)

subsequently measured at cost less accumulated depreciation and impairment losses.

Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Company expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease.

The right-of-use assets are included in the 'Intangible Assets', 'Tangible Fixed Assets' and 'Investment Property' lines, as applicable, in the Statement of financial position.

The Company applies IAS 36 to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss as described in note 2.12.

As a practical expedient, IFRS 16 permits a lessee not to separate non-lease components, and instead account for any lease and associated non-lease components as a single arrangement. The Company has used this practical expedient.

The company has the right to opt for renewal or termination on certain property and equipment leases it has signed as lessee, and uses its judgment to determine if there are strong economic incentives to exercise them and therefore include the lease payments within the lease liability calculation.

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 and judgments used by the Company in preparing the Financial Statements relate mainly to:

- Goodwill, Intangible and tangible fixed assets - measurement of recoverable amount.

  Estimates

  In respect of identifying and measuring impairment. Impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs to sell and its value in use. Estimate are used by management in determining the fair value less costs to sell and its value in use. These estimates included forecasted future cash flows, discount rates and future market conditions.

  Judgments

  Management make judgments in respect to identifying the indications of impairment through reference to both internal and external sources of information. No impairments have been recognised in the year current year or prior year.

  At 31 December 2021 the company's, goodwill net book value was £4.2m (2020: £4.2m), intangible asset net book value was £3.5m (2020 £3.7m), and tangible fixed assets net book value was £154.0m (2020: £126.7m). (Notes 14 & 15)

- Taxation

  Judgments

  Management judgment is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits. Budgets and forecast are used as a basis for these judgments. As at 31st December 2021 the company's deferred tax asset was £5,475,000 (2020: £9,990,000) (Note 24).

- Landfill provisions

  Estimates

  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 amounts 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 provision is 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 2021 the company's landfill provisions were £5.7m (2020: £5.3m) (Note 25)

  A 0.5% increase to the discount rate would result in £395,000 increase in provision.
  A 0.5% decrease to the discount rate would result in £446,000 decrease in provision.

- Maintenance provision

  Estimates

  Estimates are made of maintenance costs to be incurred over the length of operating certain facilities under operations and maintenance contracts. These cost estimates are prepared by technical experts within SUEZ based on experience in operating similar facilities along with the specific maintenance needs of each facility and contract. These cost estimates are reviewed and

3. Judgments in applying accounting policies (continued)

updated each year by senior management and are used as the basis for the maintenance provision.

At 31 December 2021 the company's maintenance provisions were £34.4m (2020: £17.4m) (Note 25)

- Leases

  Estimates

  Lease liabilities are recognised at net present value using discount rate estimated by management to reflect the time value of money. The discount rates use are between 1.38% and 3.17%. A 0.5% increase in this estimate would decrease the liability as 31 December 2021 by £2,734,000; a 0.5% decrease would increase the liability by £3,099,000.

  Judgements

  Management judgment is required to determine whether break clauses within lease contracts are likely to be exercised as this impacts the valuation of amounts recognised under IFRS16. Where an extension option exists it must meet the IFRS16 criteria and if it is determined that the criteria is met then the lease will be extended, impacting the right of use asset and lease liability valuation.

  As at December 2021 the net book value of leased assets were £38,205,000 (2020: £37,311,000) (Note 15). The lease liability at 31 December 2021 was £45,578,000 (2020: £45,574,000) (Note 22).

4. Turnover

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

	2021 £000	*2020 £000*
Disposal of waste	**638,306**	*580,503*
Sale of recyclates	**63,189**	*32,964*
Generation of electricity	**11,554**	*2,136*
	713,049	*615,603*

	2021 £000	*2020 £000*
United Kingdom	**713,048**	*615,603*
	713,048	*615,603*

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

During the year ended 31 December 2021, £484,000 has been recognised in revenue relating to the release of contract liabilities held at the end of the prior year 31 December 2020.

5. Other operating income

	2021 £000	2020 *£000*
Research & Development expenditure credit	**59**	-
Coronavirus Job Retention Scheme	**642**	*2,096*
	701	*2,096*

The Research & Development expenditure credit relates to £541,000 of expenditure recognised in the year end 31 December 2019. No qualifying research and development expenditure has been recognised in the year end 31 December 2021 (2020: £nil).

6. Operating profit/(loss)

The operating profit/(loss) is stated after charging/(crediting):

	2021 £000	2020 *£000*
Depreciation of tangible fixed assets	**26,769**	*22,937*
Amortisation of intangible assets	**210**	*895*
Profit on disposal of fixed assets	**(2,309)**	*(327)*
Cost of stocks recognised as an expense	**24,372**	*18,630*
Coronavirus Job Retention Scheme	**(642)**	*(2,096)*

7. Auditor's remuneration

For the year ended 31 December 2021, auditor's remuneration for the Suez R&R UK Group, covering group reporting and statutory audits, was £414,000 (2020: £403,000). This cost was borne by a fellow group company in both years.

Notes to the financial statements
For the Year Ended 31 December 2021

8. Employees

Staff costs were as follows:

	2021 £000	2020 *£000*
Wages and salaries	**119,883**	*105,734*
Social security costs	**11,542**	*10,229*
Cost of pension	**11,484**	*9,759*
	142,909	*125,722*

All employees are employed by SUEZ Recycling and Recovery UK Ltd and paid by SUEZ Recycling and Recovery 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:

	2021 No.	2020 *No.*
Operations	**3,692**	*3,411*
Administration and management	**328**	*351*
	4,020	*3,762*

During the year, no director received any emoluments from the Company (2020 - £NIL). The Directors are remunerated through the parent company whose financial statements are publicly available.

9. Income from investments

	2021 £000	2020 *£000*
Dividends received from associate companies	**3,371**	*3,170*

10. Interest receivable

	2021 £000	2020 *£000*
Interest receivable from associate companies	**9,071**	*8,932*
	9,071	*8,932*

11. Interest payable and similar expenses

	2021 £000	2020 £000
Bank interest payable	**332**	*405*
Unwinding of discount rate	**447**	*494*
Loans from group undertakings	**495**	*1,359*
Interest on lease liabilities	**550**	*937*
	1,824	*3,195*

12. Other finance expense

	2021 £000	2020 £000
Net interest on net defined benefit liability	**240**	*230*
	240	*230*

13. Taxation

	2021 £000	2020 £000
Corporation tax		
Current tax on profits for the year	**4,382**	*(83)*
Adjustments in respect of previous periods	**1,035**	*157*
	5,417	*74*
Total current tax	**5,417**	*74*
Deferred tax		
Origination and reversal of temporary differences	**743**	*107*
Effect of tax rate change on opening balance	**(212)**	*-*
Relating to defined benefit pension schemes	**-**	*255*
Adjustments in respect of previous periods	**(518)**	*(43)*
Total deferred tax	**13**	*319*
Taxation on profit on ordinary activities	**5,430**	*393*

In addition to the amounts included in the profit and loss, a £1,317,000 debit relating to deferred tax has been recognised in other comprehensive income for the remeasurement of defined benefit liabilities. (2020 - £1,625,000 credit).

13. Taxation (continued)

Factors affecting tax charge for the year

The tax assessed for the year is higher than *(2020 - higher than)* the standard rate of corporation tax in the UK of 19% *(2020 - 19%)*. The differences are explained below:

	2021 £000	*2020 £000*
Profit on ordinary activities before tax	**27,842**	*6,869*
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2020 - 19%)	**5,290**	*1,305*
Effects of:		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	**686**	*211*
Adjustments to tax charge in respect of prior periods	**458**	*114*
Non-taxable income	**(1,069)**	*(611)*
Unrecognised deferred tax	**44**	*48*
Chargeable gains	**233**	*-*
Changes in taxation rate	**(212)**	*(674)*
Total tax charge for the year	**5,430**	*393*

Factors that may affect future tax charges

The increase to the corporation tax rate to 25% from 1 April 2023 had been substantively enacted at the balance sheet date and will have an effect on future tax charges. The deferred tax balance has been adjusted to reflect this change.

14. Intangible assets

	Goodwill £000	Intangible Assets £000	Total £000
Cost			
At 1 January 2021	**4,252**	**8,226**	**12,478**
At 31 December 2021	**4,252**	**8,226**	**12,478**
Amortisation			
At 1 January 2021	-	**4,551**	**4,551**
Charge for the year on owned assets	-	**210**	**210**
At 31 December 2021	-	**4,761**	**4,761**
Net book value			
At 31 December 2021	**4,252**	**3,465**	**7,717**
At 31 December 2020	*4,252*	*3,675*	*7,927*

Impairment review of goodwill

The Company reviews at each reporting period whether there are any indicators of impairment in accordance with IAS 36 Impairment of Assets. An annual impairment review is completed by comparing the carrying amount of the goodwill to its recoverable amount. The recoverable amount is the higher of its fair value less costs of disposal and its value in use. If the recoverable amount is less than the carrying amount, an impairment loss is allocated, first to reduce the carrying amount of the goodwill and then to the assets of the cash-generating unit. The recoverable amount has been determined by calculating the value in use using a discounted cash flow model.

15. Tangible fixed assets

	Freehold property £000	Plant & machinery £000	Motor vehicles £000	Fixtures & fittings £000	Other fixed assets £000	Total £000
Cost or valuation						
At 1 January 2021	115,259	114,197	64,928	4,079	3,225	301,688
Additions	209	3,566	579	71	2,510	6,935
Transfers intra group	4,293	109,388	180	415	190	114,466
Disposals	(800)	(1,264)	(10,502)	(23)	-	(12,589)
Transfers between classes	248	2,074	-	10	(2,332)	-
Revaluations	3,093	5,468	2,436	-	-	10,997
Exchange adjustments	(662)	(1,548)	(1,818)	-	-	(4,028)
At 31 December 2021	121,640	231,881	55,803	4,552	3,593	417,469
Depreciation						
At 1 January 2021	50,203	81,830	40,630	2,299	-	174,962
Charge for the year on owned assets	1,725	11,840	3,232	560	-	17,357
Charge for the year on right-of-use assets	2,897	2,216	4,299	-	-	9,412
Transfers intra group	3,172	70,425	50	411	-	74,058
Disposals	(568)	(1,084)	(7,363)	(23)	-	(9,038)
Exchange adjustments	(662)	(1,368)	(1,244)	-	-	(3,274)
At 31 December 2021	56,767	163,859	39,604	3,247	-	263,477
Net book value						
At 31 December 2021	64,873	68,022	16,199	1,305	3,593	153,992
At 31 December 2020	*65,056*	*32,367*	*24,298*	*1,780*	*3,225*	*126,726*

15. Tangible fixed assets (continued)

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

	2021 £000	2020 £000
Freehold	64,873	65,056
	64,873	65,056

The net book value of owned and leased assets included as "Tangible fixed assets" in the Statement of financial position is as follows:

	2021 £000	2020 £000
Tangible fixed assets owned	115,789	89,415
Right-of-use tangible fixed assets	38,205	37,311
	153,994	126,726

Information about right-of-use assets is summarised below:

Net book value

	2021 £000	2020 £000
Property	22,233	21,974
Plant and machinery	5,864	2,792
Motor vehicles	10,108	12,545
	38,205	37,311

Depreciation charge for the year ended

	2021 £000	2020 £000
Property	(2,897)	(2,906)
Plant and machinery	(2,216)	(2,320)
Motor vehicles	(4,299)	(4,263)
	(9,412)	(9,489)

16. Fixed asset investments

	Investments in subsidiary companies £000	Investments in associates £000	Investment in joint ventures £000	Total £000
Cost or valuation				
At 1 January 2021	**13,449**	**36**	**6**	**13,491**
At 31 December 2021	**13,449**	**36**	**6**	**13,491**
Impairment				
At 1 January 2021	**4,362**	**-**	**-**	**4,362**
At 31 December 2021	**4,362**	**-**	**-**	**4,362**
Net book value				
At 31 December 2021	**9,087**	**36**	**6**	**9,129**
At 31 December 2020	*9,087*	*36*	*6*	*9,129*

Details of the subsidiaries, joint ventures and associates can be found under note 34.

17. Stocks

	2021 £000	*2020 £000*
Raw materials and consumables	**12,236**	*7,269*
	12,236	*7,269*

In the year ended 31 December 2021 £24,372,000 (2020: £18,630,000) was the amount of inventory recognised as an expense. £nil has been written down in the year (2020: £nil).

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

18. Debtors

	2021 £000	2020 £000
Due after more than one year		
Amounts owed by joint ventures and associated undertakings	**90,393**	*93,824*
Contract asset	**49,189**	*25,132*
Deferred tax asset	**5,474**	*9,990*
	145,056	*128,946*

Amounts owed by participating interests include loans with gross values of £4,526,000 (2020 - £4,066,000) to Northumberland Energy Recovery Holdings Limited, £15,983,000 (2020 - £14,975,000) to South Tyne &, Wear Energy Recovery Holdings Limited, £37,765,000 (2020 - £40,452,000) to Merseyside Energy Recovery Holdings Limited, £21,852,000 (2020 - £23,103,000) to West London Energy Recovery Holdings Limited and £10,243,000 (2020 - £11,202,000) to Cornwall Energy Recovery Holdings Limited. These balances accrue interest at between 8.5% and 11% per annum, the timing of the repayment is at the discretion of the associate but before the end of the associate's underlying project agreement.

	2021 £000	2020 £000
Due within one year		
Trade debtors	**101,279**	*100,379*
Other debtors	**21,922**	*1,121*
Prepayments	**4,760**	*5,377*
Contract asset	**72,963**	*66,840*
	200,924	*173,717*

Trade debtors are stated after provision for impairment of £3,088,000 (2020 - £3,552,000).

Contract assets include amounts arising from differences between the amounts recognised in the income statement and amount invoiced at the period end. Typically invoices are raised within 7 to 14 days of the performance obligation being satisfied. Standard credit terms with customers is 30 days after the invoice date.

19. Cash and cash equivalents

	2021 £000	2020 £000
Cash at bank and in hand	**510**	*582*
	510	*582*

20. Creditors: Amounts falling due within one year

	2021 £000	2020 £000
Amounts owed to group undertakings	**194,009**	*178,716*
Corporation tax	**5,054**	-
Lease liabilities	**9,514**	*9,255*
Contract liability	**13,609**	*3,950*
Other creditors	**13,084**	*11,750*
Accruals	**24,831**	*17,953*
	260,101	*221,624*

Amounts owed by the company to group undertakings due within one year accrue interest at 0.25% (2020 0.75%) and are repayable on demand.

21. Creditors: Amounts falling due after more than one year

	2021 £000	2020 £000
Lease liabilities	**36,065**	*36,216*
	36,065	*36,216*

22. Leases

Company as a lessee

The company has leases for Property, Plant and Machinery & Vehicles.

These include 58 properties with lease terms remaining of between 1 and 63 years; 53 piece of plant and machinery used in the various sites across the Company; 275 cars provided to employees as part of the company car scheme; and 409 vans and trucks used predominately in the I&C and Municipal area of the business.

Lease liabilities are due as follows:

	2021 £000	2020 £000
Not later than one year	**9,514**	*9,255*
Between one year and five years	**21,817**	*21,969*
Later than five years	**14,247**	*14,350*
	45,578	*45,574*

Contractual undiscounted cash flows are due as follows:

	2021 £000	2020 £000
Not later than one year	**11,930**	*10,531*
Between one year and five years	**26,446**	*23,362*
Later than five years	**15,469**	*16,855*
	53,845	*50,748*

The total cash outflow in 2021 was £10,531,000 (2020: £11,124,000)

The following amounts in respect of leases, where the Company is a lessee, have been recognised in profit or loss:

	2021 £000	2020 £000
Interest expense on lease liabilities	**550**	*937*
Expenses relating to short-term leases	**7,201**	*5,445*
Expenses relating to leases of low-value assets, excluding short-term leases of low-value assets	**527**	*501*

23. Financial instruments

	2021 £000	2020 £000
Financial assets		
Financial assets that are debt instruments measured at amortised cost	**341,801**	*287,878*
Financial liabilities		
Financial liabilities measured at amortised cost	**(277,506)**	*(253,890)*

Financial assets measured at amortised cost comprise trade, other debtors, contract assets, amounts owed by group companies and cash.

Financial liabilities measured at amortised cost comprise group, other creditors, lease liabilities and accruals.

24. Deferred taxation

	2021 £000	2020 £000
At beginning of year	**9,990**	*8,684*
Charged to the profit or loss	**(14)**	*(319)*
Charged to other comprehensive income	**(1,317)**	*1,625*
On hive up of subsidiary	**(3,185)**	-
At end of year	**5,474**	*9,990*

The deferred tax asset is made up as follows:

	2021 £000	2020 £000
Accelerated capital allowances	**2,524**	*5,462*
Other differences	**746**	*265*
Relating to defined benefit pension liability	**2,204**	*4,263*
	5,474	*9,990*

Deferred taxation (continued)

	1 January 2021 £000	Recognised in income/On hive up of subsidiary £000	Recognised in equity *£000*	31 December 2021 *£000*
Accelerated capital allowances	**5,462**	**(2,938)**	-	*2,524*
Other differences	**265**	**481**	-	*746*
Relating to defined benefit pension liability	**4,263**	**(742)**	*(1,317)*	*2,204*
	9,990	**(3,199)**	*(1,317)*	*5,474*

The deferred tax assets of the Company are considered to be recoverable based on the future taxable profits of the wider SUEZ R&R UK Group. The directors have considered the business plans of the Group in determining that these amounts are recoverable. The expectation is that the group will make a taxable profit in the future and the deferred tax will be recovered via group relief.

25. Provisions

	Environmental and landfill costs £000	Maintenance provision £000	Total £000
At 1 January 2021	**5,305**	**17,383**	**22,688**
Charged to profit or loss	**(84)**	**17,706**	**17,622**
On hive up of subsidiary	**885**	**18,091**	**18,976**
Unwind of discount	**447**	**-**	**447**
Utilised in year	**(874)**	**(18,816)**	**(19,690)**
At 31 December 2021	**5,679**	**34,364**	**40,043**

Environmental and landfill costs

The provision for environmental and landfill costs has been calculated in accordance with the accounting policy set out in note 2.18. 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.

Maintenance provision

Provision has been made for the costs of maintaining and replacing assets as required under the terms of contracts in place with customers under operating and maintenance arrangements. The company expects for these costs to be incurred for more than 15 years.

26. Share capital

	2021	2020
	£000	*£000*
Allotted, called up and fully paid		
60,130,696 *(2020 - 60,130,696)* ordinary shares of £1.00 each	**60,131**	*60,131*

These shares carry no rights to fixed income or have any preferences or restrictions attached on them.

27. Reserves

Share premium account

A non-distributable reserve where the premium paid for new shares above their nominal value is recognised.

Capital redemption reserve

The capital redemption reserve is a non-distributable reserve into which amounts are transferred following the redemption or purchase of the Company's own shares.

Profit & loss account

The profit and loss account is distributable reserves made up of retained earnings.

28. Contingent liabilities

The company has provided unsecured guarantees to third parties in respect of performance bonds, the term of the bond range between 1.5 years and 1009 years. At 31 December 2021 guarantees outstanding amounted to £112,032,000 (2020 - £101,525,000).

29. Capital commitments

At 31 December 2021 the Company had capital commitments as follows:

	2021	2020
	£000	*£000*
Contracted for but not provided in these financial statements	**9,534**	*3,055*
	9,534	*3,055*

30. Pension commitments

Defined contribution pension scheme

The SUEZ R&R UK Group operates a defined contribution pension scheme, the assets of which 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 £8,216,000 (2020 - £6,624,000). Contributions totaling £nil (2020 - £nil) were payable to the fund at the balance sheet date and are included in creditors.

The company operates a Defined benefit pension schemes.

The company is the sponsoring entity of the following Defined benefit pension schemes which are operated by SUEZ R&R Group:

SITA Final Salary pension Scheme
SITA Contract Services Limited Retirement Benefits Scheme
SITA (GB) Limited (Charnwood) Retirement Benefits Scheme
The SITA Section of the Citrus Plan
LWS Pension Scheme
Hemmings Group Holdings Limited and Associated or Subsidiary Companies Pension Scheme

The Schemes offer both pensions in retirement and death benefits to members. All schemes are closed to new members

The information presented below has been made for the total of these balances. The Schemes are administered by Trustees and the assets are held separately to the legal entity that is the Group.

The Trustee board of the Schemes is composed of employer and member nominated Trustees (where the legal minimum proportion of member nominated Trustees has been upheld). The Trustees are required by law to act in the best interests of the members of the Scheme. The Trustees are responsible for the investment policy with regard to the assets of the Schemes.

The Group considers two measures of the Schemes surplus or deficit. The accounting position is shown on the Group balance sheet. The funding position, calculated at the triennial actuarial assessment, is used to agree contributions to the Schemes. The two measures will vary because they are for different purposes, and are calculated at different rates and in different ways. The key calculation difference is that the funding position considers the expected returns of Scheme assets when calculating the Schemes liability, whereas the accounting position under IAS 19 discounts liabilities based on corporate bond yields.

The amounts in the financial statements for the year ended 31 December 2021, relating to pensions, are based on the most recent actuarial valuations for each scheme updated by Deloitte to take account of IAS19 in order to assess the liabilities of the scheme at 31 December 2018 and 5 April 2019.

The Schemes expose the Group to actuarial risks such as market (investment) risk, interest rate risk, inflation risk currency risk and longevity risk.

Investment risk
The present values of the Schemes' liabilities are calculated using a discount rate determined by reference to yields available on high quality AA rated corporate bond yields; in other words, from the position of being fully funded then if the return on the Schemes' assets were below this rate, it would create a deficit in the Schemes.

30. Pension commitments (continued)

Interest risk
A decrease in the corporate bond yield will increase the Schemes' liabilities; however, this will be partially offset by an increase in the value on the Schemes' corporate bond assets.

Longevity risk
The present value of the Schemes liabilities are calculated by reference to the best estimate of the mortality of the Schemes' members both during and after their employment. An increase in the life expectancy of the Schemes' members will increase the Schemes' liabilities.

Inflation risk
The present value of the Schemes' liabilities are calculated by reference to the future expected pension indexation (both indexation in deferment and pension increases in payment), which will depend on future inflation expectations.

As such, an increase in the expectation of future inflation will increase the Schemes' liabilities.

Scheme assets are stated at their market values at the respective balance sheet dates and overall expected rates of return are established by the directors following discussions with the Group's actuaries. The liabilities in the scheme are measured on an actuarial basis using the projected unit method.

Reconciliation of present value of plan liabilities:

	2021 £000	2020 £000
Reconciliation of present value of plan liabilities		
At the beginning of the year	**(122,521)**	*(111,032)*
Current service cost	**(1,520)**	*(1,747)*
Interest cost	**(1,415)**	*(1,981)*
Actuarial gains/losses	**7,091**	*(12,060)*
Contributions	**(190)**	*(222)*
Benefits paid	**3,639**	*4,521*
At the end of the year	**(114,916)**	*(122,521)*

30. *Pension commitments (continued)*

Reconciliation of present value of plan assets:

	2021 £000	2020 £000
At the beginning of the year	100,082	94,087
Return on plan asset	4,356	5,408
Interest income	1,175	1,751
Contributions by employer	3,268	3,135
Contributions by scheme participants	190	222
Benefits paid	(3,639)	(4,521)
At the end of the year	105,432	100,082

	2021 £000	2020 £000
Fair value of plan assets	105,432	100,082
Present value of plan liabilities	(114,916)	(122,521)
Net pension scheme liability	(9,484)	(22,439)

The amounts recognised in profit or loss are as follows:

	2021 £000	2020 £000
Interest on obligation	(240)	(230)
Total	(240)	(230)

The company expects to contribute £3,300,000 to its Defined benefit pension schemes in 2022.

30. Pension commitments (continued)

Principal actuarial assumptions at the Statement of financial position date (expressed as weighted averages):

	2021 %	2020 %
Discount rate	**1.90**	*1.40*
Future salary increases	**1**	*1*
Future pension increases	**1**	*1*
Inflation assumption	**3.05**	*1.60*
Average remaining working life of participating interests	**8**	*9 years*

A half percentage point decrease in the discount rate assumption would lead to an increase in pension liabilities of 10%.

A half percentage point increase in the inflation assumption would lead to an increase in pension liabilities of 7%.

The assumptions used in the valuation and sensitivity analysis above are provided by the Company's actuary and used within the models their provide to the Company.

In calculating the pension liabilities, the directors, upon consultation with the scheme actuary, have used VITA curves with improvements according to CMI 2015 tables (non-peaked) with a 1.5% underpin for most schemes. For the Citrus scheme, the VITA curves have been used with a long cohort.

Asset value split by region and asset class:

	Europe	North America	Asia & Oceania	Other	Total
Equities	6%	-	-	-	**6%**
Bonds	87%	-	-	-	**87%**
Property	-	-	-	-	**-**
Cash	5%	-	-	-	**5%**
Other	2%	-	-	-	**2%**
Total	100%	-	-	-	**100%**

31. Related party transactions

Under the provisions of FRS101, the company has taken the exemptions not 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.

The company undertook the following transaction with its associate undertakings:

	2021 Income £000	Outstanding at 31 Dec 2021 £000	2020 Income £000	Outstanding at 31 Dec 2020 £000
Sales to Northumberland Energy Recovery Limited	**20,280**	**-**	**18,765**	**1**
Sales to Cornwall Energy Recovery Limited	**21,599**	**2,312**	**23,597**	**24**
Sales to South Tyne & Wear Energy Recovery Limited	**16,963**	**3**	**17,043**	**3**
Sales to Merseyside Energy Recovery Limited	**23,430**	**-**	**17,249**	**-**
Sales to West London Energy Recovery Limited	**20,806**	**2**	**19,284**	**-**

In addition to the above trading amounts, SUEZ Recycling and Recovery UK Ltd has made loans of £4,526,000 (2020 - £4,066,000) to Northumberland Energy Recovery Holdings Limited, £15,983,000 (2020 - £14,975,000) to South Tyne &, Wear Energy Recovery Holdings Limited, £37,765,000 (2020 - £40,452,000) to Merseyside Energy Recovery Holdings Limited, £21,852,000 (2020 - £23,103,000) to West London Energy Recovery Holdings Limited and £10,243,000 (2020 - £11,202,000) to Cornwall Energy Recovery Holdings Limited, all associate companies.

32. Controlling party

At the year end the immediate parent undertaking was SUEZ Recycling and Recovery Holdings UK Limited, a company incorporated in England & Wales.

In the opinion of the directors, at the balance sheet date, the Company's ultimate parent company and ultimate controlling party was SUEZ SA (following Veolia's acquisition now known as Vigie S.A.), a company incorporated in France.

The parent undertaking of the largest group, which includes the company and for which group accounts are prepared, is SUEZ SA, a company incorporated in France. The parent undertaking of the smallest such group is SUEZ Recycling and Recovery Holdings UK Limited, a company incorporated in England & Wales. *Copies of The Group financial statements of SUEZ SA are available from* 21 Rue La Boetie,P 75008 Paris, France.

Copies of The Group financial statements of SUEZ Recycling and Recovery Holdings UK Limited are available from SUEZ House, Grenfell Road, Maidenhead, Berkshire, SL6 1ES.

The ultimate ownership of SUEZ Recycling and Recovery Holdings UK Limited has changed since the balance sheet date, see Note 33 for details.

33. Post balance sheet events

Veolia takeover

On the 18 January 2022 the global agreement between the SUEZ and Veolia Groups was finalised, with Veolia acquiring ownership of the SUEZ businesses worldwide and in the UK, including SUEZ Recycling and Recovery UK Limited. However, the SUEZ Group within the UK continued to operate independently from Veolia because of a hold separate order put in place by the UK Competitions and Markets Authority (CMA), whilst the CMA conducted a review into the impacts of the transaction on competition within the UK market.

On the 25th August 2022, the CMA concluded that Veolia will be required to sell its interests in SUEZ Recycling and Recovery activities in the UK to remedy the competition concerns found. On 21st September 2022, Veolia announced its intention to sell SUEZ Recycling and Recovery activities in the UK to SUEZ S.A (new SUEZ), subject to CMA approval. This transaction is expected to complete in late 2022.

The impact of this change in control on the going concern assessment has been disclosed in note 2.3.

34. Subsidiaries, joint ventures and associates

a. Subsidiaries

Company name	Country	Percentage	Description
Binn Landfill (Glenfarg) Limited	Scotland	100	Landfill site operator
Group Fabricom Limited	England & Wales	100	Holding company
Midland Land Reclamation Limited	England & Wales	100	Landfill site operator
Northumberland Waste Management Limited	England & Wales	100	Landfill site operator
Shropshire Waste Management Limited	England & Wales	93.3	Landfill site operator
SUEZ Recycling and Recovery Kirklees Ltd	England & Wales	100	Waste disposal and electricity generation
SUEZ Recycling and Recovery Lancashire Ltd	England & Wales	100	Waste disposal and landfill site operator
SHUKCO 347 LTD	England & Wales	100	Waste disposal
SUEZ Recycling and Recovery South Gloucestershire Ltd	England & Wales	100	Municipal services
SHUKCO 348 LTD	England & Wales	100	Landfill site operator
SUEZ Recycling and Recovery Isle Of Man Ltd *	Isle of Man	100	Energy from waste plant operator
SUEZ Recycling and Recovery Surrey Ltd	England & Wales	100	Waste disposal
Tyne Waste Limited	England & Wales	100	Waste disposal and landfill site operator
Cliffeville Limited	England & Wales	100	Landfill site operator
SUEZ Recycling and Recovery Suffolk Ltd *	England & Wales	100	EFW plant
SHUKCO LTD	England & Wales	100	Holding Company
SHUKCO 327 LTD	England & Wales	100	Holding Company
SHUKCO 340 LTD	England & Wales	100	Holding Company
SUEZ Recycling and Recovery Tees Valley Ltd	England & Wales	100	Dormant
A & J Bull Limited	England & Wales	100	Dormant
Attwoods Israeli Investments Limited	England & Wales	100	Dormant
Attwoods Limited	England & Wales	100	Dormant
Dorset Waste Management Limited	England & Wales	100	Dormant
SUEZ Recycling and Recovery Alternative Fuels Ltd	England & Wales	100	Dormant
Gurteens Limited	England & Wales	100	Dormant
Hemmings Waste Management Limited	England & Wales	100	Dormant

34. Subsidiaries, joint ventures and associates (continued)

a. Subsidiaries (continued)

Company name	Country	Percentage	Description
LWS Collection Services Limited	England & Wales	100	Dormant
Nene Valley Waste Limited	England & Wales	100	Dormant
Ryton Waste Disposal Limited	England & Wales	100	Dormant
SHUKCO 303 Limited	England & Wales	100	Dormant
SHUKCO 323 LTD	England & Wales	100	Dormant
SHUKCO 336 LTD	England & Wales	100	Dormant
SHUKCO 337 LTD	England & Wales	100	Dormant
SHUKCO 338 LTD	England & Wales	100	Dormant
SHUKCO 341 LTD	England & Wales	100	Dormant
SHUKCO 342 LTD	England & Wales	100	Dormant
SHUKCO 343 LTD	England & Wales	100	Dormant
SHUKCO 345 LTD	England & Wales	100	Dormant
SHUKCO 350 LTD	England & Wales	100	Dormant
Sid Knowles Waste Limited	England & Wales	100	Dormant
Attwoods Holdings Limited	England & Wales	100	Dormant
SITA UK Limited	England & Wales	100	Dormant
SUEZ Recycling and Recovery UK Pension Plans Trustees Ltd	England & Wales	100	Dormant
Sortwaste Environmental Limited	England & Wales	100	Dormant
United Waste Property Limited	England & Wales	100	Dormant
United Water UK Limited	England & Wales	100	Dormant
Whinney Hill Stone Sales Limited	England & Wales	100	Dormant
Wm E Christer (Gravel) Limited	England & Wales	100	Dormant

b. Joint ventures

Company name	Country	Percentage	Description
NS NORM Limited	England & Wales	50	Nuclear decontamination
Lidsey Landfill Limited	England & Wales	50	Landfill operator

34. Subsidiaries, joint ventures and associates (continued)

c. Associates

Company name	Country	Percentage	Description
Cornwall Energy Recovery Holdings LTD *	England & Wales	33	Holding company
Cornwall Energy Recovery LTD *	England & Wales	33	Waste disposal
Northumberland Energy Recovery Holdings LTD *	England & Wales	42.5	Holding company
Northumberland Energy Recovery LTD *	England & Wales	42.5	Waste disposal
South Tyne & Wear Energy Recovery Holdings Limited *	England & Wales	45	Holding company
South Tyne & Wear Energy Recovery Limited *	England & Wales	45	Waste management
Merseyside Energy Recovery Holdings LTD *	England & Wales	40	Holding company
Merseyside Energy Recovery LTD*	England & Wales	40	Waste management
West London Energy Recovery Holdings LTD *	England & Wales	33	Holding company
West London Energy Recovery LTD *	England & Wales	33	Waste management

All shares held are Ordinary Share Capital (including 'A' and 'B' Ordinary Share Capital) aside from SHUKCO LTD and SUEZ Recycling and Recovery Tees Valley Ltd where both Ordinary Share Capital and Preference Shares are held.

* Company has a 31 March year end as key customer is the local authority and thus it is considered beneficial for the company and the local authority to have co terminus accounting periods.

Registered office of all subsidiaries, joint ventures and associates is SUEZ House, Grenfell Road, Maidenhead, Berkshire, SL6 1ES. With exception of;

- Binn Landfill (Glenfarg) Limited - C/O Brodies Llp Capital Square, 58 Morrison Street, Edinburgh, Scotland, EH3 8BP.
- SUEZ Recycling and Recovery Isle Of Man Ltd - Isle of Man Energy from Waste Facility, Richmond Hill, Isle of Man. IM4 1JH