Company Registration No. 02436946

Waste Recycling Group (Yorkshire) Limited

Report and Financial Statements

31 December 2011

Waste Recycling Group (Yorkshire) Limited

Report and financial statements 2011

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Waste Recycling Group (Yorkshire) Limited

Report and financial statements 2011

Officers and professional advisers

Directors

P Taylor
V F Orts-Llopıs
A Serrano Mınchan

Joint Company Secretary

V Bunton
C Favıer-Tılston

Regıstered Office

Ground Floor West
900 Pavılıon Drıve
Northampton Busıness Park
Northampton
NN4 7RG

Auditor

Deloıtte LLP
2 New Street Square
London
EC4A 3BZ

Waste Recycling Group (Yorkshire) Limited

Directors' report

The Directors of Waste Recycling Group (Yorkshire) Limited (the "Company") present their annual report and the audited financial statements for the year ended 31 December 2011

Principal activity

The principal activity of the Company continued to be that of the handling, recycling and disposal of waste materials

Developments

On 11 May 2012 the Company's ultimate UK-domiciled parent company, Waste Recycling Group Limited, changed its name to FCC Environment (UK) Limited ("FCCE") as part of the rebranding of its UK business FCCE and its subsidiary undertakings (together the "Group") remain a leading waste management, recycling and renewable energy business in the UK

Directors

The following individuals served as Directors of the Company during the year ended 31 December 2011 and up to the date of this report

P Taylor
V F Orts-Llopis
A Serrano Minchan

Results and dividends

The results of the Company for the year ended 31 December 2011 are set out on page 6 The profit for the financial year amounted to £440,000 (2010 £52,000 loss) The Company did not pay an interim dividend during the year (2010 £nil) and furthermore, the Directors do not recommend the payment of a final dividend (2010 £nil) The profit (2010 loss) for the financial year has been transferred to (2010 withdrawn from) reserves, resulting in a corresponding increase (2010 reduction) in total shareholders' funds in the year

Going concern

The Directors, having assessed the responses of their enquiries to the indirect parent company, FCCE, have reviewed projected cash flows and continue to adopt the going concern basis in preparing the Directors' report and financial statements Full details of the going concern considerations can be found in note 1 of the notes to the financial statements

Directors' indemnities

During the financial year, qualifying third party indemnity provisions for the benefit of all Directors of the Company were in force and continue to be in force at the date of this report Such provisions were made by FCC

Disclosure of information to the auditor

The Directors who held office at the date of approval of this Directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditor is unaware, and each Director has taken all the steps that he ought to have taken as a Director to make himself aware of any relevant audit information and to establish that the Company's auditor is aware of that information

This confirmation is given and should be interpreted in accordance with the provisions of section 418 of the Companies Act 2006 (the "Act")

Waste Recycling Group (Yorkshire) Limited

Directors' report (continued)

Auditor

Pursuant to section 487 of the Act, the auditor will be deemed to be reappointed annually by the Company and Deloitte LLP will therefore continue in office until further notice

Small Companies Exemption

The Company has taken advantage of the exemptions for small companies set out in s415A of the Act as amended by The Companies Act 2006 (Amendment) (Accounts and Reports) Regulations 2008 (2008/393), {reg 6(2)}

Approved by the Board of Directors
and signed on its behalf by

V Bunton
Joint Company Secretary

21 June 2012

Waste Recycling Group (Yorkshire) Limited

Directors' responsibilities statement

The Directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations

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

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

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions 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

Under applicable law and regulations, the Directors are also responsible for preparing a Directors' report that complies with that law and those regulations

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions

Independent auditor's report to the members of Waste Recycling Group (Yorkshire) Limited

We have audited the financial statements of Waste Recycling Group (Yorkshire) Limited for the year ended 31 December 2011, which comprise of the profit and loss account, the balance sheet and the related notes 1 to 19 The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice)

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

Respective responsibilities of directors and auditor

As explained more fully in the Directors' responsibilities statement, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland) Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors

Scope of the audit of financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error This includes an assessment of whether the accounting policies are appropriate to the Company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the Directors, and the overall presentation of the financial statements In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements If we become aware of any apparent material misstatements or inconsistencies we consider the implication of our report

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the Company's affairs as at 31 December 2011 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

Opinion on matters prescribed by the Companies Act 2006

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

Matters on which we are required to report by exception

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us, or
- the financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit
- the directors were not entitled to take advantage of the small companies exemption in preparing the directors' report

Makhan Chahal

Makhan Chahal (Senior Statutory Auditor)
for and on behalf of Deloitte LLP
Chartered Accountants and Statutory Auditor
London, United Kingdom
22 June 2012

Waste Recycling Group (Yorkshire) Limited

Profit and loss account
Year ended 31 December 2011

	Notes	2011 £'000	2010 £'000
Turnover	2	**4,883**	4,084
Cost of sales		**(4,242)**	(3,994)
Gross profit		**641**	90
Administrative expenses		**(160)**	(117)
Operating profit/(loss)		**481**	(27)
Interest payable	5	**(41)**	(25)
Profit/(loss) on ordinary activities before taxation	3	**440**	(52)
Tax on profit/(loss) on ordinary activities	6	**-**	-
Profit/(loss) for the financial year	13	**440**	(52)

All results are derived from continuing operations

There are no recognised gains and losses in either the financial year ended 31 December 2011 or the previous financial year other than as stated in the profit and loss account Therefore, no separate statement of total recognised gains and losses has been presented

Waste Recycling Group (Yorkshire) Limited

Balance sheet
at 31 December 2011

	Notes	2011 £'000	2010 £'000
Fixed assets			
Tangible assets	7	**900**	907
Current assets			
Debtors amounts due within one year	8	**8,840**	8,533
Debtors amounts due after more than one year	9	**213**	215
Total debtors		**9,053**	8,748
Creditors: amounts falling due within one year	10	**(6,103)**	(6,156)
Net current assets		**2,950**	2,592
Total assets less current liabilities		**3,850**	3,499
Provisions for liabilities	11	**(1,368)**	(1,457)
Net assets		**2,482**	2,042
Capital and reserves			
Called up share capital	12	**1**	1
Profit and loss account	13	**2,481**	2,041
Shareholders' funds	14	**2,482**	2,042

The financial statements of Waste Recycling Group (Yorkshire) Limited, registered number 02436946 were approved by the Board of Directors on 21 June 2012

Signed on behalf of the Board of Directors

V F Orts-Llopis
Director

Waste Recycling Group (Yorkshire) Limited

Notes to the financial statements
Year ended 31 December 2011

1. **Accounting policies**

These financial statements are prepared in accordance with applicable United Kingdom accounting standards

The following accounting policies have been applied consistently in both the current and previous financial year in dealing with items which are considered material in relation to the financial statements

Accounting convention

The financial statements are prepared under the historical cost convention

Going concern

The Directors, having assessed the responses of their enquiries to the indirect parent company, FCCE, have reviewed projected cash flows and continue to adopt the going concern basis in preparing the Directors' report and financial statements

Cash flow statement

The Company has taken advantage of the exemption, conferred by Financial Reporting Standard 1 (Revised) from presenting a cash flow statement as it is an indirect wholly owned subsidiary of a group, which has prepared a consolidated cash flow statement

Tangible fixed assets

Tangible fixed assets are stated at cost Depreciation is provided on tangible fixed assets in use at rates calculated to write off the cost less residual value of each asset as follows

Landfill sites	- based on the void used in the period as a proportion of total void
Plant and machinery	- 3 to 10 years

Expenditure on freehold landfill sites includes engineering costs Elements of these costs are classified according to their expected economic life and depreciated accordingly in proportion to the rate that waste is deposited All other assets are depreciated on a straight-line basis

Post retirement benefits

The Group operates a pension scheme providing benefits based on final pensionable pay The assets of the scheme are held separately from those of the Company The Company is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis and therefore, as required by FRS 17 'Retirement Benefits', accounts for the scheme as if it were a defined contribution scheme As a result, the amount charged to the profit and loss account represents the contributions payable to the scheme in respect of the accounting period

The Group also operates a defined contribution scheme on behalf of its eligible employees Contributions to the scheme are charged to the profit and loss account for the year in which they are payable

Decommissioning and aftercare costs

Full provision has been made for the net present value ("NPV") of the Company's minimum unavoidable costs, in respect of decommissioning liabilities at the Company's landfill sites, which has been capitalised in fixed assets The Company continues to provide for all aftercare costs over the life of its landfill sites, based on the volumes of waste deposited in the year, since liabilities in relation to these costs increase as waste is deposited

All long-term provisions for decommissioning and aftercare costs are calculated based on the NPV of estimated future costs Current cost estimates are inflated at 2 5 per cent and discounted at 5 per cent to calculate the NPV The effects of the unwinding of the discount element on existing provisions are reflected as a financial item

Notes to the financial statements
Year ended 31 December 2011

1. **Accounting policies (continued)**

Turnover

Turnover is stated net of value added tax and trade discounts but inclusive of landfill tax where applicable Turnover from the supply of services represents the value of services provided under contracts to the extent that there is a right to consideration and is recorded at the value of the consideration due Where payments are received from customers in advance of services provided, the amounts are recorded as deferred income and included as part of creditors due within one year

Operating leases

Operating leases rentals are charged to the profit and loss account on a straight-line basis over the lease term

Taxation

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

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date Timing differences are differences between the Company's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements

A net deferred tax asset is regarded as recoverable and therefore recognised only to the extent that, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted

Deferred tax is not recognised when fixed assets are revalued unless by the balance sheet date there is a binding agreement to sell the revalued assets and the gain or loss expected to arise on sale has been recognised in the financial statements Neither is deferred tax recognised when fixed assets are sold and it is more likely than not that the taxable gain will be rolled over, being charged to tax only if and when the replacement assets are sold

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date Deferred tax is measured on a non-discounted basis

2. **Turnover**

All turnover was generated in the United Kingdom principally from the handling, recycling and disposal of waste materials

Notes to the financial statements
Year ended 31 December 2011

3. Profit/(loss) on ordinary activities before taxation

	2011 £'000	2010 £'000
Operating profit/(loss) is stated after (crediting)/charging:		
(Decrease)/increase in environmental provisions on revision of estimate of future costs (included within provisions charge)	**(114)**	302
Depreciation of tangible fixed assets - owned	**217**	194
Settlement of contractual obligations	**(107)**	(31)
Operating lease rentals – land and buildings	**160**	147
Operating lease rentals – plant and machinery	**10**	10

Auditor's remuneration in respect of audit fees totalling £5,000 (2010 £4,300) has been met by FCC Recycling (UK) Limited (formerly known as Waste Recycling Limited), a fellow subsidiary undertaking of FCCE

4. Information regarding Directors and employees

None of the Directors received any remuneration or other benefits through the Company during the year ended 31 December 2011 or the previous financial year They are all remunerated as directors or employees of FCCE

	2011 £'000	2010 £'000
Wages and salaries	**96**	123
Social security costs	**9**	11
Other pension costs	**10**	8
	115	142
	No.	No
The average number employed (including Directors) during the year was	**7**	8

5. Interest payable

	2011 £'000	2010 £'000
Interest payable and similar charges		
Unwinding of discount (see note 11)	**41**	25

6. Tax on profit/(loss) on ordinary activities

	2011 £'000	2010 £'000
UK corporation tax		
United Kingdom corporation tax at 26 5% (2010 28%) based on profits/(losses) for the year	-	-
Total current tax	-	-
Deferred tax		
Timing differences, origination and reversal (note 11)	-	-
Tax on profit/(loss) on ordinary activities	-	-

The total tax position for both the current and previous year differs from the average standard rate of 26 5% (2010 28%) for the reasons set out in the following reconciliation

	2011 £'000	2010 £'000
Profit/(loss) on ordinary activities before taxation	**440**	(52)
Tax on profit/(loss) on ordinary activities at average standard rate	**117**	(15)
Factors affecting charge		
Non-taxable items	**6**	(7)
Group loss relief (claimed)/surrendered	**(136)**	31
Depreciation in excess of capital allowances	**54**	49
Utilisation of general provisions	**(34)**	(51)
Site preparation relief	**(7)**	(7)
Total current tax	-	-

A number of changes to the UK Corporation Tax system were announced in the March 2011 Budget Statement The Finance Act 2011 enacted on 19 July 2011 included legislation to reduce the main rate of corporation tax from 28% to 26% from 1 April 2011 and a further reduction from 26% to 25% from 1 April 2012

Further reductions to the main rate were announced in the 2012 Budget Statement during March 2012 The main rate will fall by a further 1% from 25% to 24% from 1 April 2012 and by an additional 1% per annum to 22% by 1 April 2014 As these changes have not been substantively enacted at the balance sheet date they are not included in these financial statements

Notes to the financial statements
Year ended 31 December 2011

7. Tangible fixed assets

	Landfill sites £'000	Plant and machinery £'000	Total £'000
Cost			
At 1 January 2011	8,439	226	8,665
Additions	210	-	210
Transfers between group companies	-	(40)	(40)
As at 31 December 2011	8,649	186	8,835
Depreciation			
At 1 January 2011	7,639	119	7,758
Charge for the year	198	19	217
Transfers between group companies	-	(40)	(40)
As at 31 December 2011	7,837	98	7,935
Net book value			
At 31 December 2011	**812**	**88**	**900**
At 31 December 2010	800	107	907

8. Debtors: amounts due within one year

	2011 £'000	2010 £'000
Trade debtors	-	22
Amounts due from fellow subsidiary undertakings	**8,800**	8,456
Prepayments	**40**	55
	8,840	8,533

9. Debtors: amounts due after more than one year

	2011 £'000	2010 £'000
Amounts prepaid to fellow subsidiary undertakings	**213**	215

Waste Recycling Group (Yorkshire) Limited

Notes to the financial statements
Year ended 31 December 2011

10. Creditors: amounts falling due within one year

	2011 £'000	2010 £'000
Trade creditors	**5**	8
Amounts due to ultimate parent undertaking	**6,000**	6,000
Accruals	**98**	148
	6,103	6,156

11. Provisions for liabilities

	Other provisions £'000	Decomm-issioning £'000	Landfill aftercare £'000	Total £'000
At 1 January 2011	667	215	575	1,457
Revisions to provisions capitalised in tangible fixed assets	101	(11)	-	90
Charged/(credited) to the profit and loss account	200	(2)	(101)	97
Unwinding of discount (note 5)	-	11	30	41
Expenditure in year	(317)	-	-	(317)
At 31 December 2011	**651**	**213**	**504**	**1,368**

The Group provides for the estimated cost of decommissioning its landfill sites at the end of their operational life and for their subsequent aftercare The aftercare period is generally expected to be 60 years and expenditure will be incurred throughout this 60 year period These provisions are discounted at a rate of 5% from the date on which the expenditure is expected to occur These provisions by their nature require a significant degree of estimation and hence there is a degree of uncertainty with regards to the timing and amount of outflows of economic benefit

Other provisions include the estimated cost of discharging environmental liabilities, including current capping of open landfill areas and the disposal of leachate, which arise during the operational phase of its landfill sites Capping expenditure occurs as landfill cells are completed, whilst expenditure on the disposal of leachate occurs throughout the lifecycle of a landfill site

Deferred taxation

	Provided		Unprovided	
	2011 £'000	2010 £'000	**2011 £'000**	2010 £'000
Capital allowances in excess of depreciation	**4**	5	**-**	-
Short term timing differences	**(4)**	(5)	**(90)**	(177)
	-	-	**(90)**	(177)

The Company has unprovided deferred tax assets as there is insufficient certainty as to whether events will materialise to crystallise the deferred tax

Notes to the financial statements
Year ended 31 December 2011

12. Called up share capital

	2011	2010
	£'000	£'000
Authorised, allotted called up and fully paid		
1,000 ordinary shares of £1 each	**1**	1

13. Reserves

	Profit and loss account £'000
At 1 January 2011	2,041
Profit for the financial year	440
At 31 December 2011	**2,481**

14. Reconciliation of movements in shareholders' funds

	2011 £'000	2010 £'000
Profit/(loss) for the financial year	**440**	(52)
Opening shareholders' funds	**2,042**	2,094
Closing shareholders' funds	**2,482**	2,042

15. Contingent liabilities

a) The Company is a member of a group VAT registration and as such has contingent liabilities for VAT in respect of other members of the Group

b) On 21 December 2006, the Company was a party to the refinancing of Azincourt Investment S L ("Azincourt") and its subsidiary companies Azincourt was the company used by Fomento de Construcciones y Contratas, S A for the acquisition of FCC Environment (UK) Limited (then known as Waste Recycling Group Limited) and its subsidiary undertakings including the Company Under the re-financing the Company acceded to the Facility Agreement as obligor and granted security by way of a fixed charge over the shares of the Company and all related distribution rights and a floating charge over its present and future business, undertaking and assets The Company also agreed to advance funds to Azincourt under the Group's cash pooling arrangements for the purposes of, among other things, the repayment of principal, interest or other amounts under the Facility Agreement, or the payment of any other costs or expenses incurred by Azincourt directly or indirectly in connection with its acquisition of FCC Environment (UK) Limited The Company also entered in to a floating charge over all its present and future rights, title and interest to the cash pooling account and all amounts credited to it in its favour

c) The Group must comply with the Environment Agency's financial provisioning requirements for its landfill sites in England and Wales, which is satisfied by providing financial security bonds totalling £96 7million (2010 £92 1million) The value of the bonds issued in the Company's name for this financial provisioning requirement at 31 December 2011 was £1 0million (2010 £0 8million) The Company is an indemnifying party to the bonds and therefore has contingent liabilities for environmental provisions in respect of other members of the Group

16 Operating lease commitments

At 31 December 2011, the Company is subject to a minimum annual commitment of £58,000 (2010 £58,000) in respect of landfill royalties The contract is due to expire in the year 2050 and the amount payable above £58,000 per annum varies in proportion to the tonnage of waste that is deposited

17. Pension contributions

The Company participates in the defined contribution scheme operated by FCCE on behalf of its eligible employees The assets of the scheme are held separately from those of the Company in independently administered funds

Certain employees of the Company are members of the Citrus Pension Scheme (formerly LAWDC) in which FCCE is a participating employer This is a defined benefit multi-employer scheme, the assets of which are held independently of the Group The Company is unable to identify its share of the underlying assets and liabilities of the scheme Further details regarding the scheme are provided in the financial statements of FCCE

Contributions to the scheme for the period are stated below and the agreed contribution rate which commenced from 1 July 2010 is fixed at £30,000 per month In addition, FCCE has agreed with the scheme trustee to pay an additional annual contribution of £740,000 until 2025 to meet the ongoing funding of the scheme

An actuarial valuation of the scheme at 31 March 2009 indicated that the scheme was 61% funded based upon the minimum funding requirement basis At 31 December 2011 the deficit on the FCCE section of the Citrus scheme, calculated on an FRS 17 basis, was £6,032,000 (2010 £4,337,000) There were no outstanding or prepaid contributions at either the beginning or end of the financial year

Notes to the financial statements
Year ended 31 December 2011

17. Pension contributions (continued)

The contributions made by the Company under the different schemes during the year were as follows

	2011 £'000	2010 £'000
Defined contribution scheme	1	1
Citrus defined benefit multi-employer pension scheme	9	7
	10	8

18 Related party transactions

The Directors regard all subsidiaries of FCC as related parties In the ordinary course of business, the Company has traded with fellow subsidiaries of FCC

The Company has taken advantage of the exemption conferred by FRS 8 from disclosing details of those transactions with other wholly owned subsidiaries of FCC

19. Ultimate parent company

The immediate parent of the Company is Darrington Quarries Limited, a company registered in England and Wales

The Directors regard Fomento de Construcciones y Contratas, S A, a company registered in Spain, as the ultimate parent entity and Esther Koplowitz Romero de Juseu to be the ultimate controlling party

Fomento de Construcciones y Contratas, S A is the parent company of the largest group of which the Company is a member and for which group accounts are drawn up FCC Environment (UK) Limited (formerly known as Waste Recycling Group Limited) is the parent company of the smallest group of which the Company is a member and for which group accounts are drawn up Copies of the financial statements of both FCC Environment (UK) Limited and Fomento de Construcciones y Contratas, S A are available from the Company Secretary, Ground Floor West, 900 Pavilion Drive, Northampton Business Park, Northampton, NN4 7RG