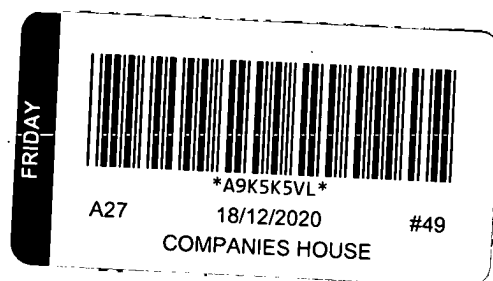


Company Registration No. 02436946

**Waste Recycling Group (Yorkshire)
Limited**

**Annual report and financial statements
for the year ended 31 December 2019**



Waste Recycling Group (Yorkshire) Limited

Annual report and financial statements 2019

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Waste Recycling Group (Yorkshire) Limited

Annual report and financial statements 2019

Officers and professional advisers

Directors

P Taylor
V F Orts-Llopis
A Serrano Minchan

Registered Office

Ground Floor West
900 Pavilion Drive
Northampton Business Park
Northampton
NN4 7RG

Auditor

Deloitte LLP
Statutory Auditor
1 City Square
Leeds
LS1 2AL
United Kingdom

Waste Recycling Group (Yorkshire) Limited

Directors' report

The Directors present their annual report and the audited financial statements of Waste Recycling Group (Yorkshire) Limited ("the Company") for the year ended 31 December 2019.

Principal activity

The principal activity of the Company during the year ended 31 December 2019 was handling, recycling and disposal of waste materials.

Directors

The Directors who served during the year ended 31 December 2019 and up to the date of this report were as follows:

P Taylor
V F Orts-Llopis
A Serrano Minchan

Results and dividends

The results for the Company for the year ended 31 December 2019 are set out on page 12. The loss for the financial year amounted to £77,000 (2018: £35,000 profit). The Company did not pay an interim dividend during the year (2018: £nil) and furthermore, the Directors do not recommend the payment of a final dividend (2018: £nil). The loss (2018: profit) for the financial year has been transferred from (2018: transferred to) reserves, resulting in a corresponding decrease (2018: increase) in total equity in the year.

For the year ended 31 December 2019, revenue decreased by 18.7% to £161,000 (2018: £198,000). This is as a result of the site no longer accepting waste.

Operating loss in 2019 was £164,000 (2018: £94,000 profit). The main factors contributing to this were movements in provisions and depreciation in both years, as detailed in note 5, including a decrease of £191,000 in environmental provisions in 2018.

The Company's indirect parent company, FCC Environment (UK) Limited ("FCC E UK") manages its operations on a divisional basis and information regarding key performance indicators is included within the FCC E UK annual report. For this reason, the Company's Directors believe that the disclosure of further financial and non-financial key performance indicators for the Company is not appropriate for an understanding of the development, performance or position of the business. Copies of the FCC E UK annual report can be obtained from the address in note 20.

Going concern

The directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis in preparing the annual financial statements.

Further details regarding the adoption of the going concern basis can be found in Note 2 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 Fomento de Construcciones y Contratas, S.A. ("FCC").

Covid-19

Covid-19 was declared a global pandemic on 11 March 2020 by the World Health Organisation and measures taken by governments around the world including the UK to combat this public health emergency have had far reaching implications on peoples' lives, economies and businesses. As a designated 'Key Worker' and provider of essential public services, the Group is well placed to weather the current period of uncertainty. In response to the crisis, the Group has established a Covid-19 committee consisting of the Group's executive management team whilst the Group also participates in a wider FCC global response committee. The team has had regular virtual meetings during the crisis with the welfare of employees, customers, suppliers and other stakeholders visiting our sites, the primary concern. The committee has considered and ensured the practical implementation of government guidelines and also managed the operational and financial implications for the business. Consideration of the impact on the Company's going concern status is set out in note 2.

Waste Recycling Group (Yorkshire) Limited

Directors' report

Financial risk management

The Company is exposed to financial risk through its financial assets and liabilities. The most important components of financial risk are interest rate risk, credit risk and liquidity risk. Due to the nature of the Company's activities and the assets contained within the Company's balance sheet, the only financial risks the Directors consider relevant to the Company are liquidity and credit risk.

Liquidity and credit risk

The Company's exposure to credit and liquidity risk is reduced as it is a wholly owned subsidiary of FCC E UK and participates in a cash-pooling agreement with FCC E UK and FCC E UK's subsidiary undertakings (together the "Group"). Credit risk arises from the risk of having credit exposures to customers, including outstanding receivables. The Company reviews the credit ratings of all significant customers regularly and continues to monitor the quality of debtor balances on an ongoing basis. Liquidity risk is the risk that the Company does not have sufficient cash resources to meet its commitments. The Company prepares and reviews cash flow forecasts frequently to ensure that it has sufficient resources to meet its cash flow commitments.

Economic

The decision to leave the European Union has resulted in a period of uncertainty for the UK economy and increased volatility in financial markets. A no deal Brexit scenario could influence consumer confidence, which in turn could affect and lead to lower sales volumes. We have reviewed the potential impacts and consider that we have sufficient mitigations in place. The Group's strategy is focused on growing through recycling and EfW where margins are generally higher than traditional landfill.

Statement of Corporate Governance

Section 172 Companies Act 2006 recognises the position of trust that a director holds with regards to broader stakeholder interests when carrying out their duties to promote the success of the company.

For the year ended 31 December 2019, under The Companies (Miscellaneous Reporting) Regulations 2018, the Board has applied the Wates Corporate Governance Principles for Large Private Companies published by the Financial Reporting Council ('FRC') in December 2018 (the "Principles"). These Principles provide a framework for ensuring that the Company is well run, well managed and aligned behind a clear purpose.

As one of the UK's most trusted resource and waste management businesses, we are helping shape the policy landscapes, ensuring that our people, systems and strategy remain innovative and focused on delivering excellence.

The Company shares in common its Chief Executive Officer and Chief Financial Officer with the FCC E UK Group and FCC's wider UK Environment business. As a result, there is uniformity and consistency of strategy, policies, procedures and decision making across FCC's integrated UK Environment business. To reflect this, the following narrative on the Directors' application of the Principles, has been consistently reproduced in the annual report and financial statements of each FCC UK Environment business subsidiary and therefore some narrative may not be directly relevant to the Company.

Principle 1 – Purpose and Leadership

As a leading resource and waste management business, the Company has an essential role in delivering a resource-efficient, resilient nation.

The Company has always set itself apart as being a forward-thinking business. Our talented workforce upholds our commitment to sustainability by driving waste materials up the waste hierarchy by treating, recycling and disposing of waste, creating opportunities to build a circular economy and providing outstanding customer service.

Our focus is:

- Own the waste
- Maximise the value of the resource
- Produce renewable energy

The Company's strategy and core services are fully aligned with FCC's strategic growth plans.

Waste Recycling Group (Yorkshire) Limited

Directors' report

Statement of Corporate Governance (continued)

Principle 2 – Board Composition

The Company has three directors, comprising of the Chief Executive Officer, the Chief Financial Officer and a senior executive from the FCC parent company to ensure that the effectiveness and accountability of the Board fulfils the strategic needs of the Company and the wider FCC Group. The composition of the board promotes effective decision making and supports the delivery of the company's strategy. Our Senior Management Team, with its extensive expertise, skills and professional backgrounds, provides the leadership assurance that the activities within our various business divisions are aligned to our strategic goals. Each division of the Company is headed up by a member of the Senior Management Team with the expertise to allow them to independently, effectively and objectively focus on the issues specific to their division.

We have a respectful and inclusive culture and are working towards improving the diversity of the Board and in our Senior Management Team. In February 2019, the Company joined CEOs from 29 of the country's leading energy and utilities employers as they launched a long term sector inclusive commitment to attract a more diverse and inclusive talent into their industry, reflecting the communities they serve.

The Energy & Utilities Skills Partnership, led by sector employers, recognised in its Workforce Renewal Skills Strategy: 2020 that its current workforce failed to fully represent the 65 million people it served every day. The Inclusion Commitment challenges the sector to act and think differently and aims to inspire and connect with underrepresented groups, attracting new talent and ideas into the energy and utilities industry. The Company has always been a fair and equal employer and is working collaboratively with peers, including the Energy & Utilities Skills Partnership on The Inclusion Commitment had brought into sharp focus our achievements to date and the need to go even further to encourage diversity in its many forms

The Company introduced an Equality and Diversity Action Plan, and all staff undertook Equality and Diversity training in 2019.

Principle 3 – Directors Responsibilities

The Board supports our talented workforce, and upholds our commitment to sustainability. The Board agrees, and has the collective responsibility for the strategy of the Group. The Senior Management Team oversee the day to day responsibilities and opportunities of our very capable workforce.

The Board has established and maintained effective corporate governance through the Group's five values:

- Honesty and respect
- Focus on earnings
- Rigour and professionalism
- Loyalty and commitment
- Community well-being and development

These five values are the most important hallmarks of our Group, whose vision is to be an international reference Employee Services Group that offers global and innovative solutions for the efficient management of resources and the improvement of infrastructures, contributing to improving the quality of the life of employees and the sustainable progress of society.

Principle 4 – Opportunity & Risk

The Group seeks opportunity and investment, whilst maintaining a robust and integrated system of risk management and internal controls.

Opportunities are identified by maintaining deep knowledge and expertise of our sector to understand industry needs. This is achieved through liaison with stakeholders including customers, partner councils, local authorities as well as industry and regulatory bodies. We actively seek opportunities to leverage the Group's assets.

Operating in the UK's highly regulated waste management market, presents numerous risks and uncertainties to the Group. The principal risks and uncertainties affecting the Group and set out in detail on pages 2-3 of the Directors' Report.

The Board has developed and implemented risk management policies and procedures that promote a robust control environment at all levels of the organisation. The Senior Management Team ensures the right a level of diligence, and robust measures are in place to identify risks and assess, consider, manage and prioritise any impact.

Waste Recycling Group (Yorkshire) Limited

Directors' report

Statement of Corporate Governance (continued)

Principle 5 – Remuneration

The Board promote appropriate and fair levels of remuneration to attract and retain the best talent and create a business culture that promotes business stability, sustainable growth and the long term success of the Company and Group.

From April 2017, the Government introduced gender pay gap reporting for all companies with more than 250 employees. The gender pay gap shows the difference between the average hourly pay for men and women across all ages' roles and levels. The gender pay gap differs from equal pay, which is the right for men and women to be paid at the same rate of pay for work of equivalent value. In 2019, the Group's gender pay gap slightly favoured men with a mean of 2.44% and a median of 0.26%.

Principle 6 – Stakeholders

Our stakeholders are our employees, customers, suppliers, partner councils and local authorities, regulatory bodies and neighbours. Stakeholders can be anyone who is positively or negatively affected by our work, actions, achievements and/or purpose.

The Board is committed to promote accountability and transparency with all stakeholders, fostering effective stakeholder relationships and meaningful engagement.

FCC's UK Environment business which includes the FCC E UK Group has:

- Over 2,300 employees (nil in the Company)
- 100 major contracts with a total of 60 local authorities
- 280 UK sites of which 166 are operational
- 7 PFI and PPP Contracts
- 6,000 business waste customer agreements
- 3,500 customer accounts
- 4,000 customer sites

Stakeholders are at the forefront of our business. Liaison with trade customers, partner councils and local authorities is fundamental to ensuring that we understand their needs and continue to deliver the services that they require. Engagement with regulatory bodies is critical to ensuring that we manage the risks set out on pages 2-3 of the Directors' report and remain compliant with applicable laws and regulations.

The Group operates five EfWs, four of which have visitor centres which run educational visits for schools, colleges, universities and clubs. They also run community liaison meetings and engage with local business groups. The sites also engage in outreach visits in which the visitor centre managers and various staff visit the schools and colleges and even attended the Buckinghamshire Skills Show careers conference.

During the year, a selection of employees, representing support functions and operations enjoyed the CEO's Roadshow which was held in both the North and the South of the country. Paul Taylor took the opportunity to present his annual overview of the achievements and activities of the Group over the last 12 months with goals and aspirations going forward.

Further examples of how FCC's UK Environment businesses have engaged with various stakeholders during 2019 are as follows:

January 2019

Official opening of the new-look charity shop at Hessle HWRC, which was attended by the Lord Mayor of Kingston upon Hull, Vice Chairman of East Riding of Yorkshire Council, Councillors from both Hull City Council and East Riding of Yorkshire Council and the Chairman of Dove House Hospice.

February 2019

Members of Peterborough Council attended the official opening of a new Household Recycling Centre in Fengate.

Waste Recycling Group (Yorkshire) Limited

Directors' report

Statement of Corporate Governance (continued)

Principle 6 – Stakeholders (continued)

March 2019

The Environment Agency Chief Executive and the interim Chief Executive of Natural England visited our Greatmoor EfW, which is the UK's largest single grate energy from waste facility.

April 2019

Wokingham U3A group had a tour of RE3 Limited's PFI recycling facility and left feedback confirming that they had found the tour very informative and thought provoking. They left feeling enthused and ready to improve their recycling habits. RE3 Limited is a sister FCC UK subsidiary for which the Group acts in the capacity of operations and maintenance ("O&M") contractor.

May 2019

The West Devon Collections Crew 4 were named the Collection Crew of the Year, at the Awards for Excellence in Recycling and Waste Management 2019 at London's Landmark Hotel. The West Devon contract is operated by sister FCC UK subsidiary, FCC Environment Services (UK) Limited. The Awards are run by Letsrecycle.com. The team also won the Recycle Devon Thank You Award for the second year in a row.

June 2019

Deeping St Nicholas Primary School and St Faith & St Martin Church of England Junior School were chosen as the joint winners of the FCC Lincolnshire Young Environmentalist Award 2019. The Group have sponsored this event for many years now.

July 2019

RE3 Limited produced their thirteenth Annual Environmental Report for 2018/2019 and the theme was engagement. This included the resident's engagement as part of Recycle Week in 2018, allowing residents to take part in the tours conducted at the facility and also included the details of RE3's new website upgrade launch in March 2019, allowing for easy navigation across the website which allows important information to be conveyed to the local residents.

August 2019

The Group launched their Be Aware and Take Care campaign across Recycling Centres urging residents to keep their kids, pets and themselves safe on sites.

September 2019

The Millerhill recycling and energy recovery centre officially opened. This is a state of the art facility operated under a 25 year partnership between, fellow FCC UK undertaking, FCC (E&M) Limited and The City of Edinburgh Council and Midlothian Council. The Group acts as O&M contractor to FCC (E&M) Limited. The official opening brought the Partner Councils and other key stakeholders together to celebrate the occasion.

October 2019

A group of media students from Suffolk New College teamed up with the Group to help raise awareness of waste disposal issues in the county. The students were approached to create content and campaigns for an ongoing marketing initiative that would encourage local residents to recycle.

November 2019

Delegates from the Group took part in the WISH Worker Engagement and Leadership in Health and Safety Conference in Manchester to discuss a range of key sector issues including why health and safety leadership and worker engagement was crucial in today's corporate environment.

December 2019

The Group's client East Riding of Yorkshire Council were delighted to announce that their residents were top recyclers in England for a third year running. Government figures showed that East Riding of Yorkshire Council recycled, reused or composted more household waste than any other council in England in 2018/19.

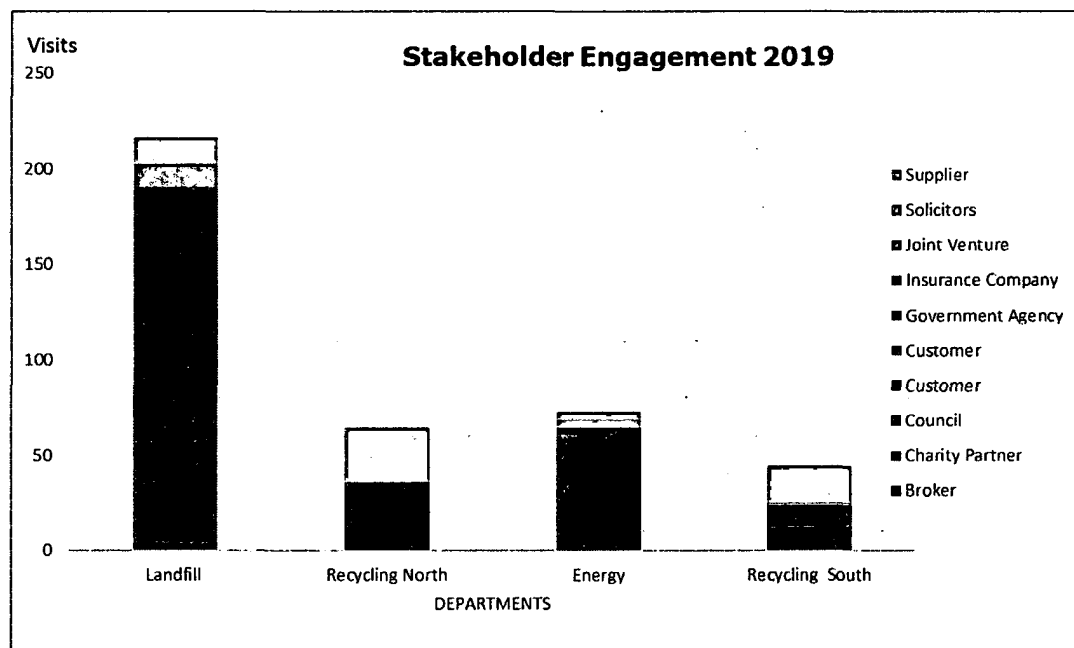
Waste Recycling Group (Yorkshire) Limited

Directors' report

Statement of Corporate Governance (continued)

Principle 6 – Stakeholders (continued)

The Group engage with our partner stakeholders, and below is a chart showing four typical departments, and the stakeholders they would typically engage with.



Post balance sheet event

The Covid-19 pandemic is a material non-adjusting event impacting the Group. Please see the principal risks and uncertainties section on pages 2-3 and the going concern section in note 2 for details of the considerations and implications on the Group.

Waste Recycling Group (Yorkshire) Limited

Directors' report

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), including FRS 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; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

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

Auditor

Each of the persons who is a director at the date of approval of this report confirms that:

- so far as the Directors are aware, there is no relevant audit information of which the Company's auditor is unaware; and
- the Directors have taken all the steps that they ought to have taken as directors in order to make themselves 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 s418 of the Companies Act 2006.

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

This Directors' report has been prepared in accordance with the provisions applicable to companies entitled to the small companies exemption. As a result of this exemption, the Company has elected not to prepare a separate Strategic Report.

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



V F Orts-Llopis
Director

14 December 2020

Waste Recycling Group (Yorkshire) Limited

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

Report on the audit of the financial statements

Opinion

In our opinion the financial statements of Waste Recycling Group (Yorkshire) Limited (the 'company'):

- give a true and fair view of the state of the company's affairs as at 31 December 2019 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice including Financial Reporting Standard 101 "Reduced Disclosure Framework"; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the statement of comprehensive income;
- the balance sheet;
- the statement of changes in equity;
- the related notes 1 to 20.

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).

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 Financial Reporting Council's (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.

Conclusions relating to going concern

We are required by ISAs (UK) to report in respect of the following matters where:

- the directors' use of the going concern basis of accounting in preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

We have nothing to report in respect of these matters.

Waste Recycling Group (Yorkshire) Limited

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

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. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in respect of these matters.

Responsibilities of directors

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, 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 these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Report on other legal and regulatory requirements

Opinions 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 directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the directors' report has been prepared in accordance with applicable legal requirements.

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 any material misstatements in the directors' report.

Waste Recycling Group (Yorkshire) Limited

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

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required to report in respect of the following matters 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' exemptions in preparing the Directors' report and from the requirement to prepare a strategic report.

We have nothing to report in respect of these matters.

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.



David Johnson B.A., F.C.A. (Senior Statutory Auditor)
for and on behalf of Deloitte LLP
Statutory Auditor
Leeds, United Kingdom
14 December 2020

Waste Recycling Group (Yorkshire) Limited

Statement of comprehensive income For the year ended 31 December 2019

	Note	2019 £'000	2018 £'000
Revenue	4	161	198
Other operating expenses		(301)	(198)
Depreciation and amortisation		(24)	94
Operating (loss)/profit		(164)	94
Finance costs	7	(94)	(59)
(Loss)/profit before taxation	5	(258)	35
Tax on (loss)/profit	8	181	-
(Loss)/profit for the year		(77)	35
Other comprehensive result for the year, net of tax		-	-
Total comprehensive (expense)/income for the year		(77)	35

The notes on pages 15 to 30 are an integral part of these financial statements.

Waste Recycling Group (Yorkshire) Limited

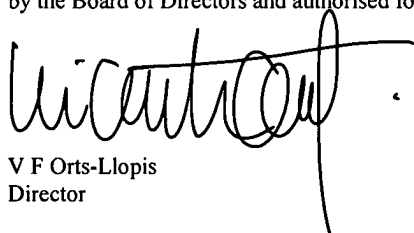
Balance sheet

As at 31 December 2019

	Note	2019 £'000	2018 £'000
Fixed assets			
Tangible assets	9	1,802	786
Current assets			
Debtors: amounts due within one year	10	3,680	3,963
Debtors: amounts due after more than one year	10	124	124
Deferred tax asset	14	126	-
		3,930	4,087
Creditors: amounts falling due within one year	11	(181)	(115)
Net current assets		3,749	3,972
Total assets less current liabilities		5,551	4,758
Creditors: amounts falling due after one year	11	(964)	-
Provisions for liabilities	13	(872)	(1,036)
Net assets		3,715	3,722
Capital and reserves			
Called-up share capital	15	1	1
Profit and loss account		3,714	3,721
Total equity		3,715	3,722

The notes on pages 15 to 30 are an integral part of these financial statements.

The financial statements of Waste Recycling Group (Yorkshire) Limited, registered number 02436946 were approved by the Board of Directors and authorised for issue on 14 December 2020. They were signed on its behalf by:



V F Orts-Llopis
Director

Waste Recycling Group (Yorkshire) Limited

Statement of changes in equity For the year ended 31 December 2019

	Called-up share capital £'000	Profit and loss account £'000	Total £'000
Year ended 31 December 2019			
At 1 January 2019 as previously reported	1	3,721	3,722
Effect of change in accounting policy for initial application of IFRS 16		70	70
	<hr/>	<hr/>	<hr/>
At 1 January 2019	1	3,791	3,792
Loss for the year and total comprehensive expense	-	(77)	(77)
	<hr/>	<hr/>	<hr/>
At 31 December 2019	1	3,714	3,715
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
Year ended 31 December 2018			
At 1 January 2018	1	3,686	3,687
Profit for the year and total comprehensive income	-	35	35
	<hr/>	<hr/>	<hr/>
At 31 December 2018	1	3,721	3,722
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

Waste Recycling Group (Yorkshire) Limited

Notes to the financial statements For the year ended 31 December 2019

1. Corporate information

Waste Recycling Group (Yorkshire) Limited is a private company limited by shares incorporated in the United Kingdom under the Companies Act 2006. The address of the registered office is given on page 1. The nature of the Company's operations and its principal activities are set out in the Directors' report.

2. Accounting policies

The principal accounting policies are summarised below. They have all been applied consistently throughout the year and to the preceding year.

General information and basis of accounting

The financial statements have been prepared under the historical cost convention and in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework (FRS 101) issued by the Financial Reporting Council.

The functional and presentational currency of Waste Recycling Group (Yorkshire) Limited is considered to be pounds sterling because that is the currency of the primary economic environment in which the Company operates.

Exemptions for qualifying entities under FRS 101

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

- (a) The requirements of paragraphs 45(b) and 46 to 52 of IFRS 2 *Share-based Payment*
- (b) The requirements of paragraphs 62, B64(d), B64(e), B64(g), B64(h), B64(j) to B64(m), B64(n)(ii), B64(o)(ii), B64(p), B64(q)(ii), B66 and B67 of IFRS 3 *Business Combinations*
- (c) The requirements of IFRS 7 *Financial Instruments: Disclosures*
- (d) The requirements of paragraphs 91 to 99 of IFRS 13 *Fair Value Measurement*
- (e) The requirement in paragraph 38 of IAS 1 *Presentation of Financial Statements* to present comparative information in respect of:
 - i. paragraph 79(a)(iv) of IAS 1;
 - ii. paragraph 73(e) of IAS 16 *Property, Plant and Equipment*;
 - iii. paragraph 118(e) of IAS 38 *Intangible Assets*;
- (f) The requirements of paragraphs 10(d), 10(f), 16, 38A, 38B, 38C, 38D, 40A, 40B, 40C, 40D, 111 and 134 to 136 of IAS 1 *Presentation of Financial Statements*
- (g) The requirements of IAS 7 *Statement of Cash Flows*
- (h) The requirements of paragraphs 30 and 31 of IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors*
- (i) The requirements of paragraph 17 of IAS 24 *Related Party Disclosures*
- (j) 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
- (k) The requirements of paragraphs 134(d) to 134(f) and 135(c) to 135(e) of IAS 36 *Impairment of Assets*

Where relevant, equivalent disclosures have been given in the consolidated FCC E UK group financial statements, copies of which are available from its registered office at Ground Floor West, 900 Pavilion Drive, Northampton Business Park, Northampton, NN4 7RG.

Waste Recycling Group (Yorkshire) Limited

Notes to the financial statements For the year ended 31 December 2019

2. Accounting policies (continued)

New and amended IFRS standards that are effective for the current year

New amendments to Standards and Interpretations that became mandatory for the first time for the financial year beginning 1 January 2019 are listed below. With the exception of IFRS 16, which is detailed further, the amendments had no material impact on the Company's result:

- IFRS 16 Leases (mandatory for the year commencing on or after 1 January 2019)
- IFRIC 23 Uncertainty over Income Tax Treatments (mandatory for the year commencing on or after 1 January 2019)
- Amendments to IAS 12 Income Tax Consequences of Payments on Financial Instruments Classified as Equity, Amendments to IAS 23 Borrowing Costs Eligible for Capitalisation, Amendments to IFRS 3 Previously Held Interest in a Joint Operation and Amendments to IFRS 11 Previously Held Interest in a Joint Operation (*Annual Improvements 2015-2017 Cycle*) (mandatory for the year commencing on or after 1 January 2019)
- Amendments to IAS 19 Plan Amendment, Curtailment or Settlement (mandatory for the year commencing on or after 1 January 2019)
- Amendments to IAS 28 Long term Interests in Associates and Joint Ventures (mandatory for the year commencing on or after 1 January 2019)
- Amendments to IFRS 9 Prepayment Features with Negative Compensation (mandatory for the year commencing on or after 1 January 2019)

Impact of the initial application of IFRS 16

In the current year, the Company has applied IFRS 16 Leases (as issued by the IASB in January 2016) that is effective for annual periods that begin on or after 1 January 2019.

IFRS 16 introduces new or amended requirements with respect to lease accounting. It introduces significant changes to lessee accounting by removing the distinction between operating and finance leases and requiring the recognition of a right-of-use asset and a lease liability at commencement for all leases, except for short-term leases and leases of low value assets when such recognition exemptions are adopted. In contrast to lessee accounting, the requirements for lessor accounting have remained largely unchanged. Details of these new requirements are described in Note 2. The impact of the adoption of IFRS 16 on the Company's financial statements is described below.

The date of initial application of IFRS 16 for the Company is 1 January 2019.

The Company has applied IFRS 16 using the cumulative catch-up approach which:

- requires the Company to recognise the cumulative effect of initially applying IFRS 16 as an adjustment to the opening balance of retained earnings at the date of initial application.
- does not permit restatement of comparatives, which continue to be presented under IAS 17 and IFRIC 4.

Impact of the new definition of a lease

The Company has made use of the practical expedient available on transition to IFRS 16 not to reassess whether a contract is or contains a lease. Accordingly, the definition of a lease in accordance with IAS 17 and IFRIC 4 will continue to be applied to those leases entered or changed before 1 January 2019.

The change in definition of a lease mainly relates to the concept of control. IFRS 16 determines whether a contract contains a lease on the basis of whether the customer has the right to control the use of an identified asset for a period of time in exchange for consideration. This is in contrast to the focus on 'risks and rewards' in IAS 17 and IFRIC 4.

Waste Recycling Group (Yorkshire) Limited

Notes to the financial statements For the year ended 31 December 2019

2. Accounting policies (continued)

Impact of the initial application of IFRS 16 (continued)

The Company applies the definition of a lease and related guidance set out in IFRS 16 to all lease contracts entered into or changed on or after 1 January 2019 (whether it is a lessor or a lessee in the lease contract). In preparation for the first-time application of IFRS 16, the Company has carried out an implementation project. The project has shown that the new definition in IFRS 16 will not significantly change the scope of contracts that meet the definition of a lease for the Company.

Impact on lessee accounting

(i) Former operating leases

IFRS 16 changes how the Company accounts for leases previously classified as operating leases under IAS 17, which were off balance sheet.

Applying IFRS 16, for all leases (except as noted below), the Company:

- (a) Recognises right-of-use assets and lease liabilities in the balance sheet, initially measured at the present value of the future lease payments, with the right-of-use asset adjusted by the amount of any prepaid or accrued lease payments in accordance with IFRS 16:C8(b)(ii);
- (b) Recognises depreciation of right-of-use assets and interest on lease liabilities in profit or loss.

Lease incentives (e.g. rent-free periods) are recognised as part of the measurement of the right-of-use assets and lease liabilities whereas under IAS 17 they resulted in the recognition of a lease incentive, amortised as a reduction of rental expenses on a straight line basis.

Under IFRS 16, right-of-use assets are tested for impairment in accordance with IAS 36.

For short-term leases (lease term of 12 months or less) and leases of low-value assets (such as tablet and personal computers, small items of office furniture and telephones), the Company has opted to recognise a lease expense on a straight-line basis as permitted by IFRS 16. This expense is presented within 'other operating expenses' in profit or loss.

The Company has used the following practical expedients when applying the cumulative catch-up approach to leases previously classified as operating leases applying IAS 17.

- The Company has applied a single discount rate to a portfolio of leases with reasonably similar characteristics.
- The Company has elected not to recognise right-of-use assets and lease liabilities to leases for which the lease term ends within 12 months of the date of initial application.
- The Company has excluded initial direct costs from the measurement of the right-of-use asset at the date of initial application.
- The Company has used hindsight when determining the lease term when the contract contains options to extend or terminate the lease.

(ii) Former finance leases

For leases that were classified as finance leases applying IAS 17, the carrying amount of the leased assets and obligations under finance leases measured applying IAS 17 immediately before the date of initial application is reclassified to right-of-use assets and lease liabilities respectively without any adjustments, except in cases where the Company has elected to apply the low-value lease recognition exemption.

The right-of-use asset and the lease liability are accounted for applying IFRS 16 from 1 January 2019.

Waste Recycling Group (Yorkshire) Limited

Notes to the financial statements For the year ended 31 December 2019

2. Accounting policies (continued)

Impact of the initial application of IFRS 16 (continued)

Financial impact of initial application of IFRS 16

The weighted average lessees' incremental borrowing rate applied to lease liabilities recognised in the balance sheet on 1 January 2019 is 3.9%.

The following table shows the operating lease commitments disclosed applying IAS 17 at 31 December 2018, discounted using the incremental borrowing rate at the date of initial application and the lease liabilities recognised in the balance sheet at the date of initial application.

Impact on retained earnings as at 1 January 2019

	£'000
Operating lease commitments at 31 December 2018 (note 19)	207
Effect of discounting the above amounts	(45)
Present value of the lease payments due in periods covered by extension options that are included in the lease term and not previously included in operating lease commitments	902
	<hr/>
Lease liabilities recognised at 1 January 2019	<u>1,064</u>

The Company has recognised £1,064,000 of right-of-use assets and £1,064,000 of lease liabilities and derecognised £70,000 of environmental provisions upon transition to IFRS 16. £70,000 has been recognised in retained earnings.

Going concern

The Directors have assessed the responses from their enquiries to the indirect parent company, FCC E UK and have reviewed projected cash flows and carefully considered the risks to the Company's trading performance and cash flows. In light of the Covid-19 pandemic, the Directors have considered the impact that has been experienced by the Group in recent months with customers, suppliers, employees and other stakeholders as well as the impact on operating cash flows. The Directors have also performed and carefully considered a number of different forecast scenarios of varying severity to stress test the resilience of the Group's cash flows and trading performance. All scenarios provided sufficient comfort to the Directors.

The Directors therefore continue to adopt the going concern basis in preparing the Annual report and financial statements.

Tangible fixed assets

Tangible fixed assets are stated at cost, net of depreciation and any provision for impairment. Depreciation is provided on all tangible fixed assets, other than freehold land, at rates calculated to write off the cost, less estimated residual value, of each asset on a straight-line basis over its expected useful life, as follows:

Freehold and leasehold landfill sites	-	based on the void used in the period as a proportion of total void
Freehold buildings	-	over 25 to 50 years
Plant and machinery	-	over 3 to 10 years

Residual value represents the estimated amount which would currently be obtained from disposal of an asset, after deducting estimated costs of disposal, if the asset were already of the age and in the condition expected at the end of its useful life.

Decommissioning assets (and provisions) are created on commencement of operation at a site and depreciated as for landfill sites above. Capping assets (and provisions) are created in a similar way when new cell construction commences and capping assets are depreciated based on expected cell life.

Waste Recycling Group (Yorkshire) Limited

Notes to the financial statements For the year ended 31 December 2019

2. Accounting policies (continued)

Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the Company expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the statement of comprehensive income net of any reimbursement. If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

Reclassification of comparative balances

Statement of comprehensive income

The Company has changed the format of its statement of comprehensive income for the year ended 31 December 2019 to more closely align it with the format adopted by FCC. As a result, the comparative amounts for cost of sales and administrative expenses have been re-categorised as follows:

	Year ended 31 December 2018 £'000
<i>As previously presented</i>	
Cost of sales	90
Administrative expenses	14
	<hr/>
	104
	<hr/>
<i>As reclassified</i>	
Other operating expenses	198
Depreciation and amortisation	(94)
	<hr/>
	104
	<hr/>

Decommissioning and aftercare costs

Full provision is made for the net present value ("NPV") of the Company's projected costs, in respect of decommissioning liabilities at the Company's landfill sites, which have been capitalised in tangible fixed assets. The Company provides for all projected 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 arise 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 2.0% and discounted at 4.2% to calculate the NPV.

Waste Recycling Group (Yorkshire) Limited

Notes to the financial statements For the year ended 31 December 2019

2. Accounting policies (continued)

Taxation

Revenue, expenses and assets are recognised net of the amount of sales tax except:

- where the sales tax incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the sales tax is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- debtors and creditors are stated with the amount of sales tax included.

The net amount of sales tax recoverable from, or payable to, the taxation authority is included as part of debtors or creditors in the balance sheet. Tax on the profit or loss for the year comprises current and deferred tax.

Current tax is the expected tax payable on the taxable surplus for the year using average tax rates in place during the financial year, and any adjustments in respect of previous periods. Income tax relating to items recognised directly in equity is recognised in equity and not in the income statement.

Deferred income tax is provided, using the liability method, on all temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. Deferred income tax is recognised for all temporary differences:

- except where the deferred income tax liability arises from the initial recognition of goodwill, non-tax deductible goodwill amortisation or the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit or loss nor taxable profit or loss; and
- in respect of taxable temporary differences associated with investments in subsidiaries except where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred income tax assets are recognised for all deductible temporary differences and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry-forward of unused tax assets and unused tax losses can be utilised.

The carrying amount of deferred income tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance sheet date.

Revenue

Revenue, including landfill tax, is stated net of VAT and trade discounts and is recognised when the significant risks and rewards are considered to have been transferred to the buyer. Revenue 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 fair value of the consideration received or receivable. Revenue is recognised in respect of waste disposal services when the waste has been received and disposed of. 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.

Waste Recycling Group (Yorkshire) Limited

Notes to the financial statements For the year ended 31 December 2019

2. Accounting policies (continued)

Leases

The Company has applied IFRS 16 using the cumulative catch-up approach and therefore comparative information has not been restated and is presented under IAS 17. The details of accounting policies under both IAS 17 and IFRS 16 are presented separately below.

Policies applicable from 1 January 2019

The Company as lessee

The Company assesses whether a contract is or contains a lease, at inception of the contract. The Company recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements 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 (such as tablets and personal computers, small items of office furniture and telephones). 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 assets are consumed.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Company uses its incremental borrowing rate.

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

- Fixed lease payments (including in-substance fixed payments), less any lease incentives receivable;
- Variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- The amount expected to be payable by the lessee under residual value guarantees;
- The exercise price of purchase options, if the lessee is reasonably certain to exercise the options; and
- Payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.

The lease liability is presented within loans and borrowings in the balance sheet and detailed in the notes to the financial statements.

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 remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:

- The lease term has changed or there is a significant event or change in circumstances resulting in a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.
- The lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using an unchanged discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used).
- A lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

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

Waste Recycling Group (Yorkshire) Limited

Notes to the financial statements For the year ended 31 December 2019

2. Accounting policies (continued)

Leases (continued)

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day, less any lease incentives received and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Whenever the Company incurs an obligation for costs to dismantle and remove a leased asset, restore the site on which it is located or restore the underlying asset to the condition required by the terms and conditions of the lease, a provision is recognised and measured under IAS 37. To the extent that the costs relate to a right-of-use asset, the costs are included in the related right-of-use asset, unless those costs are incurred to produce inventories.

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 presented within the property, plant and equipment line in the balance sheet.

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 the 'Property, Plant and Equipment' policy.

Variable rents that do not depend on an index or rate are not included in the measurement the lease liability and the right-of-use asset. The related payments are recognised as an expense in the period in which the event or condition that triggers those payments occurs and are included in the line 'Other operating expenses' in profit or loss.

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 not used this practical expedient. For a contracts that contain a lease component and one or more additional lease or non-lease components, the Company allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

Policies applicable prior to 1 January 2019.

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

The Company as a lessee

Assets held under finance leases are recognised as assets of the Company at their fair value or, if lower, at the present value of the minimum lease payments, each determined at the inception of the lease. The corresponding liability to the lessor is included in the statement of financial position as a finance lease obligation.

Lease payments are apportioned between finance expenses and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance expenses are recognised immediately in profit or loss, unless they are directly attributable to qualifying assets, in which case they are capitalised in accordance with the Company's general policy on borrowing costs. Contingent rentals are recognised as expenses in the periods in which they are incurred.

Rentals payable under operating leases are charged to income on a straight-line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the lease asset are consumed. Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred.

In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of rental expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

Waste Recycling Group (Yorkshire) Limited

Notes to the financial statements For the year ended 31 December 2019

3. Critical accounting judgements and key sources of estimation uncertainty

In the application of the Company's accounting policies, which are described in note 2, the Directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Provisions – Under environmental legislation and through regulation and planning consents, the Company is obliged to decommission and restore landfill sites to a prescribed standard. The elements included in the decommissioning provision are those projected costs which will be required to close down any given site in compliance with its environmental permit, planning conditions, and contractual and lease requirements. The provision is limited to costs incurred in the immediate closure and decommissioning period.

As well as decommissioning a site, the Company is obliged under its environmental permits and planning permission to manage a site for a period of up to 60 years or until it becomes inactive. As a result, in addition to provisions for decommissioning, the Company also establishes provisions for aftercare. Elements included in the provision are those projected costs which are required to ensure that a landfill site is properly managed in compliance with its environmental permit, planning conditions and lease terms during its closed phase.

In addition to the decommissioning and aftercare provisions, the Company makes provision for other costs relating to regulatory and environmental compliance to be incurred on items such as capping and leachate disposal.

These provisions are based principally on measurement and survey data and some engineering estimates, including cost assumptions. Estimating provisions over long time periods requires a number of assumptions and judgements to be made. Significant reductions in the estimates of the remaining site lives of the landfill sites or significant increases in estimates of decommissioning costs or aftercare costs due to changes in regulatory requirements or estimates could have a substantial impact on the value of the provisions.

An annual inflation rate of 2.0% has been assumed over the period of cost relating to the provisions and the provisions have been discounted at 4.2%.

4. Revenue

Revenue, including landfill tax, was generated in the United Kingdom from the handling, recycling and disposal of waste materials.

5. Profit before taxation

Profit before taxation is stated after charging/(crediting):

	2019 £'000	2018 £'000
Increase/(decrease) in environmental provisions on revision of estimate of future costs (included within provisions charge)	58	(191)
Depreciation of tangible fixed assets - owned	(47)	(94)
Depreciation of tangible fixed assets – right of use	71	
Operating lease rentals	-	2
	<u> </u>	<u> </u>

Auditor's remuneration in respect of audit fees totalling £7,000 (2018: £5,000) has been met by FCC Recycling (UK) Limited, a fellow subsidiary undertaking of FCC E UK.

In accordance with SI 2008/489 the Company has not disclosed the fees payable to the Company's auditor for 'Other services' as this information is included in the consolidated financial statements of FCC E UK.

Waste Recycling Group (Yorkshire) Limited

Notes to the financial statements For the year ended 31 December 2019

6. Directors' remuneration and transactions

None of the Directors received any remuneration or other benefits through the Company during the year ended 31 December 2019 or the previous financial year.

They are all remunerated as directors or employees of FCC E UK for services to the Group as a whole and as such it is not possible to directly attribute any element of their remuneration to services as a director of this Company. The Directors received total remuneration of £639,000 for services to the Group as a whole in the year ended 31 December 2019 (2018: £647,000). Certain Directors were remunerated by fellow subsidiary companies of FCC without recharge to the Group.

The Company had no employees during the current or previous years.

7. Interest payable and similar charges

	2019 £'000	2018 £'000
Unwinding of discount (note 12)	55	59
Interest on lease liabilities	39	-
	<u>94</u>	<u>59</u>

8. Tax on (loss)/profit

The tax position comprises:

	2019 £'000	2018 £'000
Current tax		
United Kingdom corporation tax at 19% (2018: 19%) based on (loss)/profit for the year	(55)	-
Total current tax	<u>(55)</u>	<u>-</u>
Deferred tax		
Origination and reversal of timing differences	11	-
Adjustment relating to prior years	(137)	-
Total deferred tax (see note 14)	<u>(126)</u>	<u>-</u>
Tax on (loss)/profit	<u>(181)</u>	<u>-</u>

Finance Act 2016, which received Royal Assent in September 2016, included provisions to reduce the rate of corporation tax to 19% with effect from 1 April 2017 and 17% from 1 April 2020. As the deferred tax balances are expected to substantially reverse after April 2020, a deferred tax rate of 17% has been applied in both the current and previous financial year.

The Chancellor of the Exchequer announced on 11 March 2020 that the corporation tax rate will not be reduced from 1 April 2020 as set out in Finance Act 2016 and the rate of corporation tax would remain unchanged at 19%. As Finance Act 2020 has not yet gained Royal Assent, the rate of deferred tax used as at 31 December 2019 is 17%. The impact on the financial statements for the year ended 31 December 2019 from this change of corporation tax rate is £nil.

Deferred tax assets and liabilities are offset where the Company has a legally enforceable right to do so.

Waste Recycling Group (Yorkshire) Limited

Notes to the financial statements For the year ended 31 December 2019

8. Tax on (loss)/profit (continued)

The total tax position for both the current and previous year differs from the average standard rate of 19% (2018: 19%) for the reasons set out in the following reconciliation:

	2019 £'000	2018 £'000
(Loss)/profit before tax	(258)	35
Tax on (loss)/profit at average standard rate	(49)	7
Effects of:		
Expenses not deductible for tax	5	(115)
Group relief claimed, not paid for	-	108
Adjustment relating to prior years	(137)	-
Total tax position	(181)	-

9. Fixed assets

	Landfill sites £'000	Other property £'000	Plant and machinery £'000	Total £'000
Cost				
At 1 January 2019	9,602	6	136	9,744
IFRS 16 adjustments	-	1,064	-	1,064
Additions	39	-	-	39
Disposals	(63)	-	-	(63)
As at 31 December 2019	9,578	1,070	136	10,784
Depreciation				
At 1 January 2019	8,819	6	133	8,958
(Credit)/charge for the year	(49)	71	2	24
Disposals	-	-	-	-
As at 31 December 2019	8,770	77	135	8,982
Net book value				
As at 31 December 2019	808	993	1	1,802
As at 31 December 2018	783	-	3	786

The depreciation credit for the year arises where environmental provisioning assets that have been fully depreciated in previous years are subjected to a downward revision of estimated cost. The reduction in estimated cost is shown as a disposal in the table above (see note 13).

Waste Recycling Group (Yorkshire) Limited

Notes to the financial statements For the year ended 31 December 2019

9. Fixed assets (continued)

Right-of-use assets

The Company holds a number of long-term lease agreements for various sites and categories of asset as shown in the table. In the year ended 31 December 2018 they were classified as operating leases under IAS 17 and therefore have been reclassified to Other property as at 1 January 2019 in accordance with the transitional arrangements of IFRS 16 'Leases'.

As at 31 December 2019, the cost of right-of-use assets included in Other property was £1,064,000. Accumulated depreciation was £71,000 and the Net book value was £993,000.

10. Debtors

	2019 £'000	2018 £'000
<i>Amounts falling due within one year:</i>		
Amounts owed by fellow subsidiary undertakings	3,680	3,903
Prepayments and accrued income	-	60
	<u>3,680</u>	<u>3,963</u>
<i>Amounts falling due after more than one year:</i>		
Amounts prepaid to fellow subsidiary undertaking	124	124
	<u>124</u>	<u>124</u>
	<u>3,804</u>	<u>4,087</u>

Amounts due from fellow subsidiary undertakings within one year are unsecured, interest free, have no fixed date of repayment and are repayable on demand.

Waste Recycling Group (Yorkshire) Limited

Notes to the financial statements For the year ended 31 December 2019

11. Creditors

	2019 £'000	2018 £'000
<i>Amounts falling due within one year:</i>		
Trade creditors	-	40
Accruals and deferred income	-	75
Amounts owing to fellow subsidiary undertakings	130	-
Lease liabilities (see note 12)*	51	-
	<u>181</u>	<u>115</u>
<i>Amounts falling after more than one year:</i>		
Lease liabilities (see note 12)*	<u>964</u>	<u>-</u>

* The lines indicated are in respect of the application of IFRS 16 in the current year only. In the previous year the Company's lease agreements were accounted for as operating leases under IAS 17 and are shown in note 19.

At 31 December 2019, the Company is committed to £nil for short term leases.

Amounts due to fellow subsidiary undertakings within one year are unsecured, interest free, have no fixed date of repayment and are repayable on demand.

12. Lease liabilities

	2019 £'000	2018 £'000
Maturity profile:		
Due within one year	51	-
Between one and two years	56	-
Between two and five years	184	-
Due after more than five years	724	-
	<u>1,015</u>	<u>-</u>

13. Provisions for liabilities

	Other provisions £'000	Decommiss ioning £'000	Landfill aftercare £'000	Total £'000
At 1 January 2019	-	203	833	1,036
Charged/(credited) to statement of comprehensive income	273	-	(58)	215
New/(revision of) provisions capitalised in tangible fixed assets	14	(63)	-	(49)
Unwinding of discount (note 7)	-	10	45	55
Expended in year	(287)	(39)	(59)	(385)
At 31 December 2019	<u>-</u>	<u>111</u>	<u>761</u>	<u>872</u>

Waste Recycling Group (Yorkshire) Limited

Notes to the financial statements For the year ended 31 December 2019

13. Provisions for liabilities (continued)

Decommissioning and landfill aftercare

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 4.2% 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

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.

14. Deferred tax assets

	Total £'000
Deferred taxation	
Asset at 1 January 2019	-
Credit to statement of comprehensive income	126
	<hr/>
Asset at 31 December 2019	126
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Deferred tax asset is as follows:

	Asset 2019 £'000	2018 £'000	Unrecognised 2019 £'000	2018 £'000
Company				
Capital allowances less than depreciation	134	-	-	136
Short term timing differences	(8)	-	-	1
	<hr/>		<hr/>	
	126	-	-	137
	<hr/>		<hr/>	

In previous years, the Company had unrecognised deferred tax assets as there was insufficient certainty as to whether events would materialise to crystallise the deferred tax. With effect from 1 January 2019, the FCC Environment UK Group revised its policy to start charging for group relief between fellow subsidiaries following a change to loss relief rules. Consequently, the Company now makes full provision for deferred tax assets and liabilities as there is sufficient certainty that the deferred tax will crystallise.

Waste Recycling Group (Yorkshire) Limited

Notes to the financial statements For the year ended 31 December 2019

15. Called-up share capital and reserves

	2019 £'000	2018 £'000
Allotted, called-up and fully-paid		
1,000 ordinary shares of £1 each	<u>1</u>	<u>1</u>

Profit and loss account

Profit and loss account comprises cumulative profits or losses, including unrealised profits or losses recognised in the statement of comprehensive income and expense.

16. Financial commitments

The Company as a lessee

Disclosure required by IAS 17

At the reporting date, the company had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall as follows:

	2018 £'000
Not later than one year	89
Later than one year and not later than five years	118
	<u>207</u>

17. 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) 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. The total value of the bonds issued for this financial provisioning requirement at 31 December 2019 was £108.4million (2018: £106.5million) of which £1.3million (2018: £1.3million) related to the Company.

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.

Under FRS 101, the Company is exempt from disclosing related party transactions with other wholly owned subsidiaries of FCC.

19. Post balance sheet event

The Covid-19 pandemic is a material non-adjusting event impacting the Group. Please see the principal risks and uncertainties section on page 4 and the going concern section in note 2 for details of the considerations and implications on the Company.

Waste Recycling Group (Yorkshire) Limited

Notes to the financial statements For the year ended 31 December 2019

20. Controlling party

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 company. The ultimate controlling party is Inversora Carso S.A. de C.V., a company registered in Mexico.

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 financial statements are drawn up. FCC Environment (UK) Limited is the parent company of the smallest group of which the Company is a member and for which group financial statements 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. The registered office of Fomento de Construcciones y Contratas, S.A. is c/Balmes, 36. 08007 Barcelona, Spain.