

SHANKS SRF TRADING LIMITED

Registered number 2563623

REPORT AND FINANCIAL STATEMENTS

For the year ended 31 March 2017

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SHANKS SRF TRADING LIMITED

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SHANKS SRF TRADING LIMITED

STRATEGIC REPORT

The Directors present their Strategic Report for the Company for the year ended 31 March 2017.

Principal activities, business review and future outlook

The principal activities of the Company are the trade in solid recovered fuel and refuse derived fuel from the facilities of a fellow group undertaking, Shanks Cumbria Limited.

The Company's loss on ordinary activities before taxation was £288,000 (2016: £6,876,000 loss). All activities are in line with the Directors' plans for the Company. The loss for the financial year was £481,000 (2016: £6,665,000 loss)

At the end of the year, the accumulated losses stood at £7,009,000 (2016: £6,528,000 losses).

The Company will continue its trade in solid recovered fuel and refuse derived fuel.

On 28 February 2017 the Company's ultimate parent company, Shanks Group plc, acquired the Van Gansewinkel Group of companies based primarily in the Netherlands and Belgium. Following the acquisition Shanks Group plc was renamed Renewi plc.

Key performance indicators (KPIs)

The principal KPIs for the Company are the volume and cost of disposing of solid recovered fuel handled. During the year the Company handled 49,994 tonnes (2016: 49,994 tonnes) at an average cost of disposal of £96 per tonne (2016: £109 per tonne).

Principal risks and uncertainties

The Company's ultimate controlling parent is Renewi plc. Risks are managed at a group level in accordance with the risk management framework of Renewi plc. The principal risks and uncertainties of Renewi plc are discussed in its Annual Report and Accounts for the year ended 31 March 2017.

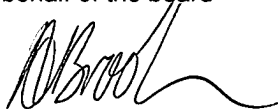
Financial risk management

A discussion of the objectives and policies employed in managing risk and the Company's use of financial instruments can be found in the Renewi plc Annual Report and Accounts for the year ended 31 March 2017.

Future outlook

In April 2018 the Company will receive the benefit of limited price protection against the cost of its fuel offtake. In addition the Company, and its affiliates, continue to be active in the offtake market in order to seek to obtain lower offtake costs.

On behalf of the board



A D Brookes
Director
8 September 2017

Registered office

Dunedin House
Auckland Park
Mount Farm
Milton Keynes
Buckinghamshire
MK1 1BU
Registered number: 2563623

SHANKS SRF TRADING LIMITED

DIRECTORS' REPORT

The Directors present their report and the audited financial statements of the Company for the year ended 31 March 2017.

Dividends

The Directors do not recommend payment of a final dividend (2016: £nil).

Directors

The directors who held office during the year, and up to the date of signing the financial statements, unless otherwise stated, were as follows:

A D Brookes	
N R Miles	(appointed 1 July 2016)
P D Eglinton	(resigned 15 July 2016)

Going Concern

The Directors believe that preparing the financial statements on the going concern basis is appropriate due to the continued financial support of the ultimate parent company, Renewi plc. The Directors have received confirmation that Renewi plc intend to support the Company for at least one year after these financial statements are signed.

Independent auditors

Pursuant to Section 487 of the Companies Act 2006, the auditors will be deemed to be reappointed and PricewaterhouseCoopers LLP will therefore continue in office.

Statement of Directors' Responsibilities

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

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", 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 accounting estimates that are reasonable and prudent;
- state whether applicable United Kingdom Accounting Standards, including FRS 101 have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006.

The Directors are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention of fraud and other irregularities.

SHANKS SRF TRADING LIMITED

DIRECTORS' REPORT - continued

In the case of each Director in office at the date the Directors' Report is approved:

- (a) so far as the Director is aware, there is no relevant audit information of which the Company's auditors are unaware; and
- (b) they have taken all the steps that they ought to have taken as a Director in order to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

On behalf of the board

A handwritten signature in black ink, appearing to read 'A D Brookes', with a long horizontal flourish extending to the right.

A D Brookes
Director
8 September 2017

SHANKS SRF TRADING LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF SHANKS SRF TRADING LIMITED

Report on the financial statements

Our opinion

In our opinion, Shanks SRF Trading Limited's financial statements (the "financial statements"):

- give a true and fair view of the state of the Company's affairs as at 31 March 2017 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

What we have audited

The financial statements, included within the Report and Financial Statements comprise:

- the Balance Sheet as at 31 March 2017;
- the Statement of Comprehensive Income for the year then ended;
- the Statement of Changes in Equity for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

The financial reporting framework that has been applied in the preparation of the financial statements is United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law (United Kingdom Generally Accepted Accounting Practice).

In applying the financial reporting framework, the Directors have made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, they have made assumptions and considered future events.

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 Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

In addition, in light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we are required to report if we have identified any material misstatements in the Strategic Report and the Directors' Report. We have nothing to report in this respect.

Other matters on which we are required to report by exception

Adequacy of accounting records and information and explanations received

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- 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.

We have no exceptions to report arising from this responsibility.

Directors' remuneration

Under the Companies Act 2006 we are required to report to you if, in our opinion, certain disclosures of Directors' remuneration specified by law are not made. We have no exceptions to report arising from this responsibility.

SHANKS SRF TRADING LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF SHANKS SRF TRADING LIMITED - continued

Responsibilities for the financial statements and the audit

Our responsibilities and those of the Directors

As explained more fully in the Statement of Directors' Responsibilities set out on page 4, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland) ("ISAs (UK & Ireland)"). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the Company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

What an audit of financial statements involves

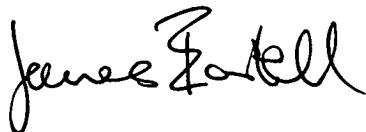
We conducted our audit in accordance with ISAs (UK & Ireland). An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. 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.

We primarily focus our work in these areas by assessing the Directors' judgements against available evidence, forming our own judgements, and evaluating the disclosures in the financial statements.

We test and examine information, using sampling and other auditing techniques, to the extent we consider necessary to provide a reasonable basis for us to draw conclusions. We obtain audit evidence through testing the effectiveness of controls, substantive procedures or a combination of both.

In addition, we read all the financial and non-financial information in the Report and Financial Statements to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report. With respect to the Strategic Report and Directors' Report, we consider whether those reports include the disclosures required by applicable legal requirements.



James Eastell (Senior Statutory Auditor)
For and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London

8 September 2017

SHANKS SRF TRADING LIMITED
REGISTERED IN ENGLAND NUMBER 2563623

STATEMENT OF COMPREHENSIVE INCOME
For the year ended 31 March 2017

	Note	2017 £'000	2016 £'000
Revenue	3	2,827	3,401
Cost of sales (including exceptional items)		(2,827)	(10,108)
Gross result/(loss)		-	(6,707)
Operating result/(loss) before exceptional items	4	-	(1,622)
Exceptional items		-	(5,085)
Operating result/(loss) after exceptional items		-	(6,707)
Finance charges	7	(288)	(169)
Loss on ordinary activities before taxation		(288)	(6,876)
Taxation	8	(193)	211
Total comprehensive expense for the financial year		(481)	(6,665)

The notes on pages 11 to 16 form an integral part of these financial statements.

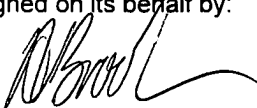
SHANKS SRF TRADING LIMITED
REGISTERED IN ENGLAND NUMBER 2563623

BALANCE SHEET
As at 31 March 2017

	Note	2017 £'000	2016 £'000
Assets			
Current assets			
Trade and other receivables	9	18	330
Current tax receivable		-	211
Cash and cash equivalents		-	1
Total assets		<u>18</u>	<u>542</u>
Liabilities			
Non-current liabilities			
Provisions	11	-	(2,739)
		<u>-</u>	<u>(2,739)</u>
Current liabilities			
Trade and other payables	10	(3,848)	(2,198)
Provisions	11	(3,179)	(2,133)
		<u>(7,027)</u>	<u>(4,331)</u>
Total liabilities		<u>(7,027)</u>	<u>(7,070)</u>
Net liabilities		<u>(7,009)</u>	<u>(6,528)</u>
Equity			
Share capital	12	-	-
Accumulated losses		(7,009)	(6,528)
Total deficit		<u>(7,009)</u>	<u>(6,528)</u>

The notes on pages 11 to 16 form an integral part of these financial statements.

The financial statements on pages 8 to 16 were approved by the Board of Directors on 8 September 2017 and were signed on its behalf by:


A D Brookes
Director

SHANKS SRF TRADING LIMITED
REGISTERED IN ENGLAND NUMBER 2563623

STATEMENT OF CHANGES IN EQUITY
For the year ended 31 March 2017

	Share capital £'000	Retained earnings/ (accumulated losses) £'000	Total equity £'000
Balance at 1 April 2015	-	137	137
Total comprehensive expense for the year			
Loss for the financial year	-	(6,665)	(6,665)
	<hr/>	<hr/>	<hr/>
Total comprehensive expense for the year	-	(6,665)	(6,665)
	<hr/>	<hr/>	<hr/>
Balance at 31 March 2016	-	(6,528)	(6,528)
	<hr/>	<hr/>	<hr/>
	Share capital £'000	Accumulated losses £'000	Total equity £'000
Balance at 1 April 2016	-	(6,528)	(6,528)
Total comprehensive expense for the year			
Loss for the financial year	-	(481)	(481)
	<hr/>	<hr/>	<hr/>
Total comprehensive expense for the year	-	(481)	(481)
	<hr/>	<hr/>	<hr/>
Balance at 31 March 2017	-	(7,009)	(7,009)
	<hr/>	<hr/>	<hr/>

The notes on pages 11 to 16 form an integral part of these financial statements.

SHANKS SRF TRADING LIMITED
REGISTERED IN ENGLAND NUMBER 2563623

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2017

1 Accounting Policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the financial statements, except where noted.

General information

Shanks SRF Trading Limited (the "Company") is a Company incorporated and domiciled in the United Kingdom. The address of the registered office is given in the Directors' Report.

The Company's ultimate parent undertaking, Renewi plc includes the Company in its consolidated financial statements. The consolidated financial statements of Renewi plc are prepared in accordance with International Financial Reporting Standards and are available to the public and may be obtained from Dunedin House, Auckland Park, Milton Keynes, Buckinghamshire, MK1 1BU.

Basis of preparation

The financial statements have been prepared on the historical cost basis, in accordance with applicable law, the Companies Act 2006 and Financial Reporting Standard 101 'Reduced Disclosure Framework (FRS 101)'. The presentation currency of these financial statements is sterling and all amounts have been rounded to the nearest £1,000.

The Company is a qualifying entity and has applied the following disclosure exemptions in the preparation of the financial statements under FRS 101:

- a Cash Flow Statement and related notes;
- disclosures in respect of capital management;
- disclosures in respect of financial instruments under IFRS 7; and
- the effects of new but not yet effective IFRSs;

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements.

Judgements made by the Directors, in the application of these accounting policies that have significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are discussed in note 2.

New standards, amendments and interpretations

There were no new standards, amendments to standards or interpretations adopted for the first time for the Company's financial year beginning 1 April 2016 that had a significant impact on these financial statements.

Going concern

The financial statements are prepared on a going concern basis, as it is the intention of Renewi plc to take steps to make arrangements for present, future or contingent obligations of the Company, to be met for the foreseeable future.

Revenue recognition

Revenue

Revenue represents the fair value of consideration received or receivable, including landfill tax but excluding value added tax and discounts for goods and services provided in the normal course of business. Revenue is recognised when it can be reliably measured and when it is probable that future economic benefits will flow to the entity.

Revenue recognition criteria for the key types of transactions are as follows:

- sales of recycle materials and products from waste - revenue is based on contractually agreed prices and is recognised when the risks and rewards have passed to the buyer.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2017 - continued

1 Accounting Policies - continued

Finance charges

Finance charges comprise interest payable on the unwinding of discounts on provisions held. Interest expense is recognised on an accruals basis in profit or loss.

Dividends

Dividend income is recognised when the right to receive payment is established.

Dividend distributions to the Company's shareholder are recognised as a liability in the Company's financial statements in the year in which they are approved.

Provisions

Provisions are recognised where there is a present legal or constructive obligation as a result of a past event and 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 effect of the time value of money is material the value of a provision is the present value of the expenditures expected to be required to settle the obligation. The discount rates are reviewed at each year end with consideration given to appropriate market rates and the risk in relation to each provision. The unwinding of the discount to present value is included within finance costs.

Taxation

Current tax

Current tax is based on taxable profit or loss for the year. Taxable profit differs from profit before tax in the profit or loss because it excludes items of income or expense that are taxable or deductible in other years or that are never taxable or deductible. The asset or liability for current tax is calculated using tax rates and laws that have been enacted, or substantively enacted, at the balance sheet date.

Discounting

Long term provisions are calculated based on the net present value of estimated future costs. The effects of inflation and unwinding of the discount element on existing provisions are reflected in the financial statements as a finance charge.

Exceptional items

Exceptional items are disclosed separately in the financial statements where it is necessary to do so to provide further understanding of the financial performance of the Company. They are material items of income or expense that have been shown separately due to the significance of their nature or amount.

Financial instruments

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits with a maturity of three months or less. Where the Company has a legally enforceable right to offset with a financial institution, then cash and cash equivalents are offset against bank loans.

Other receivables and other payables

Other receivables and other payables are initially recognised at fair value and subsequently measured at amortised cost.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2017 - continued

2 Key accounting judgements and estimates

The preparation of financial statements in accordance with FRS 101 requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The areas involving a higher degree of judgement or complexity are set out below and in more detail in the related notes.

Provisions

Provisions include the present value of the estimated operating losses on loss making onerous contracts. A discount is applied to recognise the time value of money and is unwound over the life of the provision. Further information is set out in note 11.

Taxation

Deferred tax assets and liabilities have been calculated based on the substantially enacted tax rates at the balance sheet date or those rates expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled. The Company has available tax losses, some or all of which have not been recognised as a tax asset based on management's best estimate of the ability of the Company to utilise those losses.

3 Revenue

The revenue is wholly attributable to the Company's business of waste management in the United Kingdom.

4 Operating result/(loss)

	2017 £'000	2016 £'000
The operating result/(loss) is stated after charging:		
Exceptional cost of sales		
Onerous contract	-	5,085
	<u> </u>	<u> </u>

The auditors' remuneration of £5,000 (2016: £5,000) was borne by a related party undertaking.

The onerous contract charge in the prior year related to the contract becoming loss-making due to structural changes in the UK solid recovered fuel and refuse derived fuel market.

5 Staff numbers and employee information

There were no employees of the Company in the year (2016: nil). The Company's fellow subsidiary, Shanks Waste Management Limited, was contracted to provide management and administrative support to the Company.

6 Directors' emoluments

The Directors were not remunerated for their services to the Company in the current or prior year, neither did the Directors accrue any retirement benefits in respect of service to the Company (2016: £nil). None of the emoluments paid to the Directors by the other group companies related to the services of this company (2016: £nil).

7 Finance charges

	2017 £'000	2016 £'000
Unwinding of discount on provisions	288	169
	<u> </u>	<u> </u>

SHANKS SRF TRADING LIMITED
REGISTERED IN ENGLAND NUMBER 2563623

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2017- continued

8 Taxation

The taxation based on the loss for the year is made up as follows:

	2017 £'000	2016 £'000
Current tax		
Current year	-	(211)
Adjustments in respect of prior year	193	-
Tax charge/(credit) for the year	<u>193</u>	<u>(211)</u>

The tax on the Company's loss on ordinary activities for the year differs (2016: differs) from the UK standard rate of tax of 20% (2016: 20%), as explained below:

	2017 £'000	2016 £'000
Loss before tax	(288)	(6,876)
Tax using the UK corporation tax rate of 20% (2016: 20%)	(58)	(1,375)
Adjustment in respect of prior year	193	-
Unrecognised deferred tax assets	58	1,164
Group relief	(18)	(21)
Impact of changes in tax rate	18	21
Total tax charge/(credit) for the year	<u>193</u>	<u>(211)</u>

Changes to the UK corporation tax rates were substantively enacted as part of the Finance Bill 2015 (on 26 October 2015) and Finance Bill 2016 (on 7 September 2016). These include reductions to the main rate to 19% from 1 April 2017 and to 17% from 1 April 2020.

Unrecognised deferred tax asset

No deferred tax asset has been recognised in respect of £755,000 trading losses (2016: £132,000) due to the unpredictability of future profit streams. Trading losses may be carried forward and offset against future profits of the same trade

9 Trade and other receivables

	2017 £'000	2016 £'000
Amounts owed by group undertakings	18	22
Other receivables	-	11
Prepayments and accrued income	-	297
	<u>18</u>	<u>330</u>
Current	<u>18</u>	<u>330</u>

Amounts owed by group undertakings are repayable on demand, unsecured and interest free.

SHANKS SRF TRADING LIMITED
REGISTERED IN ENGLAND NUMBER 2563623

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2017 - continued

10 Trade and other payables

	2017 £'000	2016 £'000
Amounts owed to group undertakings	<u>3,848</u>	<u>2,198</u>

Amounts owed to group undertakings are repayable on demand, unsecured and interest free.

11 Provisions

	Total £000
Balance at 1 April 2016	4,872
Utilised in the year	(1,981)
Finance charges - unwinding of discounted amount	<u>288</u>
Balance at 31 March 2017	<u>3,179</u>
Current	3,179
Non-current	<u>-</u>
As at 31 March 2017	<u>3,179</u>
Current	2,133
Non-current	<u>2,739</u>
As at 31 March 2016	<u>4,872</u>

Loss making contracts

The provision is held in relation to an onerous contract and will be utilised over the next 12 months of the contract.

12 Share capital

	2017 £	2016 £
Allotted, called up and fully paid: 2 (2016: 2) ordinary shares at £1 each	<u>2</u>	<u>2</u>

13 Contingent liabilities

The Company is a member of a HMRC Group VAT registration and as at 31 March 2017 the liability under this registration was of £179,000 (2016: liability of £1,782,000). Where appropriate, the Company element is included within other taxation and social security creditors.

The Company is also a member of a HMRC Group Payment arrangement for corporation tax and as at 31 March 2017 had a contingent liability of £873,000 (2016: £575,000) under this arrangement.

In respect of contractual liabilities, the Company, along with other fellow group undertakings, has given guarantees and entered into counter indemnities of bonds and guarantees given on their behalf by sureties and banks totalling £27,619,000 (2016: £27,321,000).

SHANKS SRF TRADING LIMITED
REGISTERED IN ENGLAND NUMBER 2563623

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2017 - continued

14 Related parties

The Company has taken advantage of the exemption under FRS 101 not to disclose transactions with key management personnel or companies which are wholly owned within the Renewi plc group.

15 Ultimate parent company and parent company of larger group

The Company's immediate parent company is Shanks Waste Management Limited, a company registered in England and Wales. The Company's ultimate parent and ultimate controlling company is Renewi plc, a company incorporated in Scotland. Renewi plc is the parent undertaking of the largest and smallest group of undertakings to consolidate these financial statements at 31 March 2017. The consolidated financial statements of Renewi plc can be obtained from the Company Secretary, Renewi plc, Dunedin House, Auckland Park, Mount Farm, Milton Keynes, Buckinghamshire, MK1 1BU.