

RENEWI SRF TRADING LIMITED
(Formerly Shanks SRF Trading Limited)

Registered number 2563623

REPORT AND FINANCIAL STATEMENTS

For the year ended 31 March 2018

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RENEWI SRF TRADING LIMITED

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RENEWI SRF TRADING LIMITED

STRATEGIC REPORT

The Directors present their Strategic Report for the Company for the year ended 31 March 2018.

Principal activities, business review and future outlook

On 9 October 2017 the Company changed its name from Shanks SRF Trading Limited to Renewi SRF Trading Limited.

The principal activities of the Company during the year was the trade in solid recovered fuel and refuse derived fuel from the facilities of a fellow group undertaking, Renewi Cumbria Limited (formerly Shanks Cumbria Limited).

The Company's profit before taxation was £1,462,000 (2017: £288,000 loss). The profit for the year was due to an exceptional credit of £1,642,000 following the release of the provision during the year. All activities are in line with the Directors' plans for the Company. The profit for the financial year was £1,829,000 (2017: £481,000 loss)

At the end of the year, the accumulated losses stood at £5,180,000 (2017: £7,009,000 losses).

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 50,250 tonnes (2017: 49,994 tonnes) at an average cost of disposal of £92 per tonne (2017: £96 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 2018.

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 2018.

On behalf of the board



A D Brookes
Director
3 December 2018

Registered office

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

RENEWI SRF TRADING LIMITED

DIRECTORS' REPORT

The Directors present their report and the audited financial statements of the Company for the year ended 31 March 2018.

Dividends

The Directors do not recommend payment of a final dividend (2017: £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

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.

RENEWI 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
3 December 2018

RENEWI SRF TRADING LIMITED

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

Report on the financial statements

Our opinion

In our opinion, Renewi 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 2018 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Report and Financial Statements (the "Annual Report"), which comprise: the Balance Sheet; the Statement of Comprehensive Income; the Statement of Changes in Equity; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which ISAs (UK) require us to report to you when:

- the directors' use of the going concern basis of accounting in the 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.

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the company's ability to continue as a going concern.

Reporting on other Information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance 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 an apparent material

inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of 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 based on these responsibilities.

RENEWI SRF TRADING LIMITED

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

Reporting on other Information - continued

With respect to the Strategic Report and Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on the responsibilities described above and our work undertaken in the course of the audit, ISAs (UK) require us also to report certain opinions and matters as described below.

Strategic Report and Directors' Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic Report and Directors' Report for the year ended 31 March 2018 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic Report and Directors' Report.

Responsibilities for the financial statements and audit

Responsibilities of the Directors for the financial statements

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 in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they 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.

Auditors' 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 auditors' 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 FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

Use of this report

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.

RENEWI SRF TRADING LIMITED

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

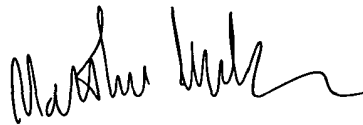
Other required reporting

Companies Act 2006 exception reporting

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

We have no exceptions to report arising from this responsibility.



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

5 December 2018

RENEWI SRF TRADING LIMITED
REGISTERED IN ENGLAND NUMBER 2563623

STATEMENT OF COMPREHENSIVE INCOME
For the year ended 31 March 2018

	Note	2018 £'000	2017 £'000
Revenue	3	2,919	2,827
Cost of sales (including exceptional items)		(1,280)	(2,827)
Gross profit/result	4	1,639	-
Operating (loss)/result before exceptional items		(3)	-
Exceptional items	4	1,642	-
Operating profit/result after exceptional items		1,639	-
Finance charges	7	(177)	(288)
Profit/(loss) before taxation		1,462	(288)
Taxation	8	367	(193)
Total comprehensive profit/(loss) for the financial year		1,829	(481)

The notes on pages 12 to 17 form an integral part of these financial statements.

RENEWI SRF TRADING LIMITED
REGISTERED IN ENGLAND NUMBER 2563623

BALANCE SHEET
As at 31 March 2018

	Note	2018 £'000	2017 £'000
Assets			
Current assets			
Trade and other receivables	9	-	18
Current tax receivable		327	-
Total assets		<u>327</u>	<u>18</u>
Liabilities			
Current liabilities			
Trade and other payables	10	(5,507)	(3,848)
Provisions	11	-	(3,179)
		<u>(5,507)</u>	<u>(7,027)</u>
Total liabilities		<u>(5,507)</u>	<u>(7,027)</u>
Net liabilities		<u>(5,180)</u>	<u>(7,009)</u>
Equity			
Share capital	12	-	-
Accumulated losses		<u>(5,180)</u>	<u>(7,009)</u>
Total deficit		<u>(5,180)</u>	<u>(7,009)</u>

The notes on pages 12 to 17 form an integral part of these financial statements.

The financial statements on pages 9 to 17 were approved by the Board of Directors on 3 December 2018 and were signed on its behalf by:



A D Brookes
Director

RENEWI SRF TRADING LIMITED
REGISTERED IN ENGLAND NUMBER 2563623

STATEMENT OF CHANGES IN EQUITY
For the year ended 31 March 2018

	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)
	<u>-</u>	<u>(481)</u>	<u>(481)</u>
Total comprehensive expense for the year	-	(481)	(481)
	<u>-</u>	<u>(481)</u>	<u>(481)</u>
Balance at 31 March 2017	<u>-</u>	<u>(7,009)</u>	<u>(7,009)</u>

	Share capital £'000	Accumulated losses £'000	Total equity £'000
Balance at 1 April 2017	-	(7,009)	(7,009)
Total comprehensive income for the year			
Profit for the financial year	-	1,829	1,829
	<u>-</u>	<u>1,829</u>	<u>1,829</u>
Total comprehensive income for the year	-	1,829	1,829
	<u>-</u>	<u>1,829</u>	<u>1,829</u>
Balance at 31 March 2018	<u>-</u>	<u>(5,180)</u>	<u>(5,180)</u>

The notes on pages 12 to 17 form an integral part of these financial statements.

RENEWI SRF TRADING LIMITED
REGISTERED IN ENGLAND NUMBER 2563623

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2018

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

Renewi 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 Strategic 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, as modified by the revaluation of financial assets and financial instruments, 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 2017 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.

RENEWI SRF TRADING LIMITED
REGISTERED IN ENGLAND NUMBER 2563623

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2018 - 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.

RENEWI SRF TRADING LIMITED
REGISTERED IN ENGLAND NUMBER 2563623

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2018 - 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.

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 profit/(result)

	2018 £'000	2017 £'000
The operating profit/(result) is stated after crediting:		
Exceptional cost of sales	1,642	-

The exceptional cost of sale relates to the release of the onerous contract provision which is no longer required.

The auditors' remuneration of £5,000 (2017: £5,000) was borne by a related party undertaking.

5 Staff numbers and employee information

There were no employees of the Company in the year (2017: nil). The Company's fellow subsidiary, Renewi UK Services Limited (formerly 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 (2017: £nil). None of the emoluments paid to the Directors by the other group companies related to the services of this company (2017: £nil).

7 Finance charges

	2018 £'000	2017 £'000
Unwinding of discount on provisions	177	288

RENEWI SRF TRADING LIMITED
REGISTERED IN ENGLAND NUMBER 2563623

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2018- continued

8 Taxation

The taxation based on the profit/(loss) for the year is made up as follows:

	2018 £'000	2017 £'000
Current tax		
Current year	(327)	-
Adjustments in respect of prior year	(40)	193
Tax (credit)/expense for the year	(367)	193

The tax on the Company's profit for the year differs (2017: differs) from the UK standard rate of tax of 19% (2017: 20%), as explained below:

	2018 £'000	2017 £'000
Profit/(loss) before tax	1,462	(288)
Tax using the UK corporation tax rate of 19% (2017: 20%)	278	(58)
Adjustments in respect of prior year	(40)	193
Unrecognised deferred tax assets	-	58
Group relief	-	(18)
Non deductible income	(605)	-
Impact of changes in tax rate	-	18
Total tax (credit)/charge for the year	(367)	193

Changes to the UK corporation tax rates were substantively enacted as part of the Finance Bill 2016 (on 7 September 2016). This included a reduction to the main rate from 19% to 17% from 1 April 2020.

Unrecognised deferred tax asset

No deferred tax asset has been recognised in respect of £72,000 trading losses (2017: £755,000) 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

	2018 £'000	2017 £'000
Amounts owed by group undertakings	-	18
	-	18
Current	-	18

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

RENEWI SRF TRADING LIMITED
REGISTERED IN ENGLAND NUMBER 2563623

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2018 - continued

10 Trade and other payables

	2018 £'000	2017 £'000
Amounts owed to group undertakings	<u>5,507</u>	<u>3,848</u>

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

11 Provisions

	Total £000
Balance at 1 April 2017	3,179
Utilised in the year	(1,714)
Provisions released during the year	(1,642)
Finance charges - unwinding of discounted amount	177
Balance at 31 March 2018	<u>-</u>
Current as at 31 March 2017	<u>3,179</u>

12 Share capital

	2018 £	2017 £
Allotted, called up and fully paid: 2 (2017: 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 2018 the liability under this registration was of £771,000 (2017: liability of £179,000). 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 2018 had a contingent liability of £647,000 (2017: £873,000) 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 £27,166,000 (2017: £27,619,000).

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.

RENEWI SRF TRADING LIMITED
REGISTERED IN ENGLAND NUMBER 2563623

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2018 - continued

15 Ultimate parent company and parent company of larger group

The Company's immediate parent company is Renewi UK Services 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 2018. 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.