

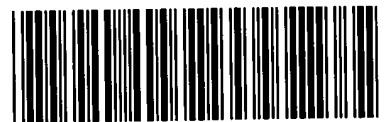
**Registered number: 2618280**

**Northumberland Waste Management Limited**

**Annual report and financial statements**

**For the Year Ended 31 December 2016**

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## **Northumberland Waste Management Limited**

### **Company Information**

**Director** F Duval (appointed 1 February 2016)

**Company secretary** J Knight

**Registered number** 2618280

**Registered office** SUEZ House  
Grenfell Road  
Maidenhead  
Berkshire  
SL6 1ES

**Independent auditor** Mazars LLP  
Tower Bridge House  
St Katharine's Way  
London  
E1W 1DD

## **Northumberland Waste Management Limited**

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## Northumberland Waste Management Limited

### Strategic report For the Year Ended 31 December 2016

#### Business review

	2016	2015	
	£000	£000	Change
Turnover	3,221	4,375	-26%
Operating profit	731	1,710	-57%
Profit after tax	507	1,310	-61%
Shareholders' funds - equity	30,062	29,555	2%
Current assets as a % of current liabilities	10022%	5318%	88.5%

The decrease in turnover during 2016 has been driven by a reduction in electricity revenue generated by landfill gas which has led to a decrease in operating profit, also impacted by adverse movements on the provisions.

Shareholder's funds have increased following profits retained in the year.

#### Principal risks and uncertainties

The SUEZ Recycling and Recovery UK Group has established a risk committee that evaluates the main risks facing the Group and the measures in place to manage those risks. The principal risks and uncertainties facing the Group are broadly grouped as: operational risks, competitive risks, legislative risks, health and safety risks and financial instrument risks.

##### Operational risks

The SUEZ Recycling and Recovery UK Group's operations involve some major public sector contracts, ranging from periods of 7 to 25 years or more, where default on the contract may result in substantial compensation payments to the client.

Long-term contracts also expose the Group to the risk that the contract's revenue profile over the life of the contract may not be sufficient to compensate the Group for unforeseen cost increases, and hence losses may result. The Group has put in place rigorous tender approval procedures to ensure all risks are properly considered. The Group's management and review procedures are aimed at ensuring any problems are identified at an early stage and steps are taken to mitigate any losses arising.

The success of the Group's operations is dependent upon the recruitment and retention of good quality staff. The Group's strategy seeks to make the SUEZ Recycling and Recovery UK Group the preferred employer in the waste management sector through its employment policies.

##### Competitive risks

Part of the SUEZ Recycling and Recovery UK Group's business involves contracts with local authorities which are subject to periodic competitive tender. Renewal of these contracts is uncertain and based on financial and performance criteria.

The remaining business relies upon short-term contracts and non-contractual business from industrial and commercial customers, which is subject to normal price competition in the open market.

## **Northumberland Waste Management Limited**

### **Strategic report For the Year Ended 31 December 2016**

#### **Principal risks and uncertainties**

##### **Legislative risks**

The waste management business is subject to strict legislation and regulation. These standards are subject to continuous revision. Compliance with new standards can impose additional costs on the Group, and failure to comply could result in heavy penalties. The Group's management systems aim to ensure compliance with all relevant regulations.

##### **Health and safety risks**

The SUEZ Recycling and Recovery UK Group acknowledges that its employees working within the waste management industry face significant potential hazards in their everyday work. The Group makes every effort to ensure that its Health and Safety policies are of the highest standard, are fit for purpose and are strictly adhered to on a daily basis.

##### **Financial instrument risks**

The Group has established a risk and financial management framework whose primary objectives are to protect the Group from events that hinder the achievement of the Group's performance objectives.

##### **Use of derivatives**

On certain major contracts, the SUEZ Recycling and Recovery UK Group uses interest rate swaps in respect of the related funding to reduce exposure to interest rate movements.

##### **Exposure to price, credit, liquidity and cash flow risk**

Price risk arises on financial instruments because of changes in, for example, commodity prices or equity prices. The Group's major joint venture and associated investments, which the Group does not intend to sell in the short-term, are held at net asset value and are therefore not exposed to price risk.

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. Group policies are aimed at minimising such losses, and require that deferred terms are only granted to customers who demonstrate an appropriate payment history and satisfy credit worthiness procedures.

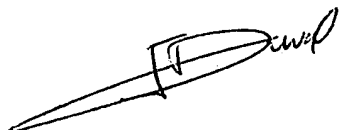
Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. Cash flow risk is the risk of exposure to variability of cash flows relating to a recognised asset or liability such as future interest payments on a variable rate debt. The Group produces long-term cash forecasts and monitors cash flows against these on a daily basis to ensure all financial obligations may be met as they fall due. Group funding requirements are periodically agreed with the SUEZ Group.

This report was approved by the board on

10/11/17

and signed on its behalf.

**F Duval**  
Director



## **Northumberland Waste Management Limited**

### **Directors' report For the Year Ended 31 December 2016**

The directors present their report and the financial statements for the year ended 31 December 2016.

#### **Principal activity**

The company's principal activity during the year was the provision of waste treatment and disposal facilities. The company operates as part of the United Kingdom recycling and recovery business of SUEZ SA.

#### **Results and dividends**

The profit for the year, after taxation, amounted to £507,000 (2015 - £1,310,000).

The directors do not recommend the payment of a dividend (2015 - £nil).

#### **Directors**

The directors who served during the year were:

C Chapron (resigned 29 February 2016)  
F Duval (appointed 1 February 2016)

#### **Environmental matters**

The Company will seek to minimise adverse impacts on the environment from its activities, whilst continuing to address health, safety and economic issues. The Company has complied with all applicable legislation and regulations.

Our purpose is to protect our environment by putting waste to good use.

A crucial element of this is ensuring that the vision of the circular economy – where the waste cycle can work with the economic cycle to return waste as a secondary resource back into production and consumption – becomes a reality and value is extracted from waste.

In 2016 the SUEZ R&R UK Group:

- Recycled and recovered 3,473,961 tonnes of the material we handled;
- Generated over 1,000,000 megawatt hours of electricity from our landfill gas and energy-from-waste facilities;
- 94,000 tonnes of compost produced;
- Only a 3% increase in Greenhouse Gas (GHG) emissions from vehicles on the previous year;
- Electricity produced increased by 2% from non-hazardous waste incineration;
- There has been a 14% decrease of waste disposed in non-hazardous waste landfills (includes municipal, I&C, Sludge and other inputs, excludes inert);
- There has been a 5% decrease in the amount of fuel used for collection vehicles;
- Waste prepared for Energy Recovery as Solid Recovered Fuels (SRF) produced from wood has decreased by 11%;
- SITA UK, now operating under the brand Suez, were recertified to the Carbon Trust Standard in 2016. This certified that SITA UK had shown a 16.5% Absolute reduction in tCO<sub>2</sub>e based on the compliance period of 1 January 2014 to 31 December 2015. This certification corresponds to the footprint of all UK operations and is valid until 31 December 2017. SITA UK have been certified with the standard since 1 January 2010.

## **Northumberland Waste Management Limited**

### **Directors' report (continued) For the Year Ended 31 December 2016**

#### **Future developments**

The directors expect that the company will continue to trade profitably and at similar volumes for the foreseeable future.

#### **Qualifying third party indemnity provisions**

The company has granted indemnity to one or more of its directors against liabilities in respect of proceedings brought by third parties, subject to the conditions set out in the Companies Act 2006. Such qualifying third party indemnity provision remains in force as at the date of approving the directors' report.

#### **Matters covered in the strategic report**

The Companies Act 2006 (Strategic Report and Directors' Report) Regulations 2013, where mandatory disclosures in the Directors' report are considered by the directors to be of strategic importance, these may be contained in the Strategic report, provided that the Directors' report contains information stating that it has been placed there. These matters relate to financial instrument risk.

#### **Directors' responsibilities statement**

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 101 'Reduced Disclosure Framework'. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

In preparing these financial statements, the directors are required to:

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

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and 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.

#### **Disclosure of information to auditor**

Each of the persons who are directors at the time when this Directors' report is approved has confirmed that:

- so far as the director is aware, there is no relevant audit information of which the Company's auditor is unaware, and
- the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

**Northumberland Waste Management Limited**

**Directors' report (continued)  
For the Year Ended 31 December 2016**


**Post balance sheet events**

There have been no significant events affecting the Company since the year end.

**Auditor**

The re-appointment of auditor will be considered at the company's AGM.

This report was approved by the board on 10/11/17 and signed on its behalf.



F Duval  
Director



## **Northumberland Waste Management Limited**

### **Independent auditor's report to the member of Northumberland Waste Management Limited**

We have audited the financial statements of Northumberland Waste Management Limited for the year ended 31 December 2016, which comprises the Statement of comprehensive income, the Statement of financial position, Statement of changes in equity and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and the United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) including Financial Reporting Standard 101 'Reduced Disclosure Framework'.

#### **Respective responsibilities of Directors and Auditor**

As explained more fully in the Directors' responsibilities statement 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). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors. This report is made solely to the company's member 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 member 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 member for our audit work, for this report, or for the opinions we have formed.

#### **Scope of the audit of the financial statements**

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at [www.frc.org.uk/auditscopeukprivate](http://www.frc.org.uk/auditscopeukprivate).

#### **Opinion on financial statements**

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2016 and of its profit 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.

#### **Opinion on other matter 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 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.

**Northumberland Waste Management Limited**

**Independent auditor's report to the member of Northumberland Waste Management Limited  
(continued)**

**Matters on which we are required to report by exception**

In the light of our knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic report and the Directors' report.

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

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



Jonathan Seaman (Senior statutory auditor)

for and on behalf of  
**Mazars LLP**

Chartered Accountants and Statutory Auditor

Tower Bridge House  
St Katharine's Way  
London  
E1W 1DD

Date: 14/11/17

# **Northumberland Waste Management Limited**

## **Statement of comprehensive income For the Year Ended 31 December 2016**

	<b>Note</b>	<b>2016 £000</b>	<b>2015 £000</b>
Turnover	4	3,221	4,375
Cost of sales		(2,147)	(2,416)
<b>Gross profit</b>		<b>1,074</b>	<b>1,959</b>
Administrative expenses		(343)	(249)
<b>Operating profit</b>	5	<b>731</b>	<b>1,710</b>
Interest receivable and similar income	7	72	144
Interest payable and expenses	8	(160)	(162)
<b>Profit on ordinary activities before tax</b>		<b>643</b>	<b>1,692</b>
Tax on profit	9	(136)	(382)
<b>Profit for the year</b>		<b>507</b>	<b>1,310</b>
<b>Total comprehensive income for the year</b>		<b>507</b>	<b>1,310</b>

All profit and total comprehensive income for the year is attributable to continuing operations.

**Northumberland Waste Management Limited**  
**Registered number: 2618280**

**Statement of financial position**  
**As at 31 December 2016**

	<b>Note</b>	<b>2016 £000</b>	<b>2015 £000</b>
<b>Fixed assets</b>			
Tangible assets	10	4,466	4,684
		<u>4,466</u>	<u>4,684</u>
<b>Current assets</b>			
Debtors: amounts falling due within one year	12	29,066	28,825
		<u>29,066</u>	<u>28,825</u>
Creditors: amounts falling due within one year	13	(290)	(542)
		<u>(290)</u>	<u>(542)</u>
<b>Net current assets</b>		<u>28,776</u>	<u>28,283</u>
<b>Total assets less current liabilities</b>		<u>33,242</u>	<u>32,967</u>
<b>Provisions for liabilities</b>			
Other provisions	16	(3,180)	(3,412)
		<u>(3,180)</u>	<u>(3,412)</u>
<b>Net assets excluding pension asset</b>		<u>30,062</u>	<u>29,555</u>
<b>Net assets</b>		<u>30,062</u>	<u>29,555</u>
<b>Capital and reserves</b>			
Called up share capital	17	1,300	1,300
Revaluation reserve	18	807	820
Profit and loss account	18	27,955	27,435
		<u>30,062</u>	<u>29,555</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 10/11/17

  
**F Duval**  
 Director

The notes on pages 11 to 25 form part of these financial statements.

**Northumberland Waste Management Limited**

**Statement of changes in equity  
For the Year Ended 31 December 2016**

	<b>Called up share capital</b>	<b>Revaluation reserve</b>	<b>Profit and loss account</b>	<b>Total equity</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
At 1 January 2016	1,300	820	27,435	29,555
<b>Comprehensive income for the year</b>				
Profit for the year	-	-	507	507
<b>Other comprehensive income for the year</b>	-	-	-	-
<b>Total comprehensive income for the year</b>	-	-	507	507
Revaluation reserve transfer	-	(13)	13	-
<b>At 31 December 2016</b>	<b>1,300</b>	<b>807</b>	<b>27,955</b>	<b>30,062</b>

**Statement of changes in equity  
For the Year Ended 31 December 2015**

	<b>Called up share capital</b>	<b>Revaluation reserve</b>	<b>Profit and loss account</b>	<b>Total equity</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
At 1 January 2015	1,300	833	26,112	28,245
<b>Comprehensive income for the year</b>				
Profit for the year	-	-	1,310	1,310
<b>Other comprehensive income for the year</b>	-	-	-	-
<b>Total comprehensive income for the year</b>	-	-	1,310	1,310
Revaluation reserve transfer	-	(13)	13	-
<b>At 31 December 2015</b>	<b>1,300</b>	<b>820</b>	<b>27,435</b>	<b>29,555</b>

The notes on pages 11 to 25 form part of these financial statements.

## **Northumberland Waste Management Limited**

### **Notes to the financial statements For the Year Ended 31 December 2016**

#### **1. General information**

Northumberland Waste Management Limited is limited company incorporated, domiciled and registered in England & Wales, United Kingdom. These financial statements cover the individual entity. The address of its registered office and principal place of business is SUEZ House, Grenfell Road, Maidenhead, Berkshire SL6 1ES. The Company's registered number is 2618280.

The company is itself a subsidiary company and is exempt from the requirement to prepare group accounts by virtue of section 400 of the Companies Act 2006. These financial statements therefore present information about the company as an individual undertaking and not about its group.

The Company's intermediate parent company is SUEZ Recycling and Recovery North East Limited, incorporated and registered in the United Kingdom, which owns 100% of the Company ordinary share capital. The ultimate parent company is SUEZ SA, a company incorporated and registered in France.

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

The financial statements have been presented in Pounds Sterling as this is the functional currency of the Company and all values are rounded to the nearest thousand pounds (£000) except when otherwise indicated.

#### **2. Accounting policies**

##### **2.1 Basis of preparation of financial statements**

These financial statements have been prepared in accordance with Financial Reporting Standard 101 'Reduced Disclosure Framework' (FRS 101) and the Companies Act 2006. The recognition, measurement and disclosure requirements of International Financial Reporting Standard as adopted by the EU (EU adopted IFRS) have been applied to these financial statements and, where necessary, amendments have been made in order to comply with the Companies Act 2006 and The Large and Medium sized Companies and Groups Regulations 2008/410 ('Regulations').

These financial statements have been prepared under the historical costs convention. The preparation of financial statements in compliance with FRS 101 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the company's accounting policies (see note 3).

## Northumberland Waste Management Limited

### Notes to the financial statements For the Year Ended 31 December 2016

#### 2. Accounting policies (continued)

##### 2.2 Financial reporting standard 101 - reduced disclosure exemptions

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

- the requirements of IFRS 7 Financial Instruments: Disclosures.
- the requirements of paragraphs 91-99 of IFRS 13 Fair Value Measurement.
- the requirement in paragraph 38 of IAS 1 'Presentation of Financial Statements' to present comparative information in respect of:
  - paragraph 79(a)(iv) of IAS 1;
  - paragraph 73(e) of IAS 16 Property, Plant and Equipment; and
  - paragraph 118(e) of IAS 38 Intangible Assets.
- the requirements of paragraphs 10(d), 10(f), 16, 38A, 38B, 38C, 38D, 40A, 40B, 40C, 40D, 111 and 134-136 of IAS 1 Presentation of Financial Statements.
- the requirements of IAS 7 Statement of Cash Flows.
- the requirements of paragraphs 30 and 31 of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors.
- the requirements of paragraph 17 of IAS 24 Related Party Disclosures.
- the requirements in IAS 24 Related Party Disclosures to disclose related party transactions entered into between two or more members of a Group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member.
- the requirements of paragraphs 134(d)-134(f) and 135(c)-135(e) of IAS 36 Impairment of Assets.
- the requirements of paragraphs 6 to 21 of IFRS 1 First-time adoption of International Financial Reporting Standards, to present an opening statement of financial position at the date of transition.

The company has **NOT** taken advantage of the following disclosure exemptions under FRS 101:

- the requirements of paragraphs 45(b) and 46-52 of IFRS 2 Share based payment.
- the requirements of 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.
- the requirements of paragraph 33(c) of IFRS 5 Non Current Assets Held For Sale and Discontinued Operations.
- the requirement in paragraph 38 of IAS 1 'Presentation of Financial Statements' to present comparative information in respect of:
  - paragraphs 76 and 79(d) of IAS 40 Investment Property; and
  - paragraph 50 of IAS 41 Agriculture.

##### 2.3 Going concern

The company's going concern is intrinsically linked to the performance, risks and going concern of the SUEZ UK R&R Group. The SUEZ UK R&R Group, along with its ultimate parent company SUEZ SA, has considerable financial resources together with long term contracts with a number of customers across different geographic areas and within different sectors of the recycling industry. As a consequence, the directors believe that the SUEZ R&R UK Group is well placed to manage its business risks successfully despite the current uncertain economic outlook.

Having made enquiries, the directors have a reasonable expectation that the company and the Group have adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the annual report and financial statements.

## **Northumberland Waste Management Limited**

### **Notes to the financial statements For the Year Ended 31 December 2016**

#### **2. Accounting policies (continued)**

##### **2.4 Revenue**

Revenue comprises revenue recognised by the Company in respect of goods and services supplied. Revenue is measured at fair value of the consideration received including landfill tax where appropriate, and exclusive of trade discounts, rebates, Value Added Tax and other sales taxes or duty.

Revenue arising from the handling and disposal of waste is recognised on receipt of the waste by the Company.

Revenue arising on generation of electricity and gas is recognised as the energy is generated.

##### **2.5 Tangible fixed assets**

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

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

Depreciation is provided on the following basis:

Freehold property - landfill	- On the basis of airspace used
Freehold property - other	- 4 - 8 years, straight line
Landfill engineering	- On the basis of airspace used
Plant & machinery	- 3 - 20 years, straight line
Motor vehicles	- 4 years, straight line
Assets under construction	- Depreciation commences upon completion of asset

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the Statement of comprehensive income.

##### **2.6 Debtors**

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.



## **Northumberland Waste Management Limited**

### **Notes to the financial statements For the Year Ended 31 December 2016**

#### **2. Accounting policies (continued)**

##### **2.7 Financial instruments**

The Company recognises financial instruments when it becomes a party to the contractual arrangements of the instrument. Financial instruments are de-recognised when they are discharged or when the contractual terms expire. The Company's accounting policies in respect of financial instruments transactions are explained below:

###### **Financial assets**

The Company classifies all of its financial assets as loans and receivables.

###### **Loans and receivables**

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise principally through the provision of goods and services to customers (e.g. trade receivables), but also incorporate other types of contractual monetary asset. They are initially recognised at fair value plus transaction costs that are directly attributable to their acquisition or issue, and are subsequently carried at amortised cost using the effective interest rate method, less provision for impairment.

Impairment provisions are recognised when there is objective evidence (such as significant financial difficulties on the part of the counterparty or default or significant delay in payment) that the Company will be unable to collect all of the amounts due under the terms receivable, the amount of such a provision being the difference between the net carrying amount and the present value of the future expected cash flows associated with the impaired receivable. For trade receivables, which are reported net, such provisions are recorded in a separate allowance account with the loss being recognised within administrative expenses in the Statement of comprehensive income. On confirmation that the trade receivable will not be collected, the gross carrying value of the asset is written off against the associated provision.

###### **Financial liabilities**

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

###### **At amortised cost**

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

##### **2.8 Creditors**

Creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers.

Creditors are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

##### **2.9 Finance costs**

Finance costs are charged to the Statement of comprehensive income over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

## **Northumberland Waste Management Limited**

### **Notes to the financial statements For the Year Ended 31 December 2016**

#### **2. Accounting policies (continued)**

##### **2.10 Pensions**

The company operates a defined contribution pension scheme and the pension charge represents the amounts payable by the company to the fund in respect of the year. Contributions are made by the company and the employees to a separately administered fund.

The company participates in SUEZ Recycling and Recovery UK Group defined benefit pension schemes and the pension charge is based on full actuarial valuations dated between 31 December 2012 and 5 April 2015. These are scheme under common control, the assets and liabilities of which are held separately from the Group. The company is unable to identify its share of the underlying assets and liabilities of the schemes and accordingly accounts for the schemes as if they were defined contribution schemes.

##### **2.11 Interest income**

Interest income is recognised in the Statement of comprehensive income using the effective interest method.

##### **2.12 Provisions for liabilities**

Provisions for environmental and landfill costs include provisions associated with the closure and post-closure of landfill sites. The company estimates its total future requirements for closure costs and for post-closure monitoring and maintenance of the site after the anticipated closure.

###### **Closure costs:**

Provision is made for final capping and site inspection costs. These costs are incurred during the operating life of the site and the company provides for these costs as the permitted airspace is used.

###### **Post closure costs:**

Provision is made for inspection, ground water monitoring, leachate management, methane gas control and recovery, and the operation and maintenance costs to be incurred during the period after the site closes.

Post-closure provisions have been shown at net present value. The current cost estimated has been inflated at 2.9% (2015 - 2.9%) and discounted by 3.19% (2015 - 3.19%). The unwinding of the discount element is shown in the financial statements as a financial item.

Future revenues from the generation of electricity from landfill gas during the post-closure period, where contracts are in place for its sale, are deducted from the provision balances and are discounted in line with the post-closure provision.

The company provides for both closure and post-closure costs as the permitted airspace is used.

## **Northumberland Waste Management Limited**

### **Notes to the financial statements For the Year Ended 31 December 2016**

#### **2. Accounting policies (continued)**

##### **2.13 Current and deferred taxation**

The tax expense for the year comprises current and deferred tax. Tax is recognised in the Statement of comprehensive income, except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the Company operates and generates income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Statement of financial position date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

#### **3. Judgments in applying accounting policies and key sources of estimation uncertainty**

Due to uncertainties inherent in the estimation process, the Company regularly revises its estimates in light of currently available information. Final outcomes could differ from those estimates.

The key estimates used by the Company in preparing the Financial Statements relate mainly to:

- **Taxation** – management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits.
- **Landfill provisions** – The post closure costs associated with environmental control after landfill sites close are uncertain. The key factors are the volumes of leachate requiring treatment, the amounts of landfill gas produced by the site and the amounts of electricity income this can generate, the speed at which the waste decomposes and other requirements set out by the environmental regulator. The provision requirement is reviewed and updated, if required, on an annual basis.

The provision are recognised in the financial statements at net present value using a discounted rate estimated by management to reflect the time value of money.

At 31 December 2016 the company's landfill provisions were £3.2m (2015: £3.4m) (Note 16)

## **Northumberland Waste Management Limited**

### **Notes to the financial statements For the Year Ended 31 December 2016**

#### **4. Turnover**

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

	<b>2016</b>	<b>2015</b>
	<b>£000</b>	<b>£000</b>
Rendering of services	<b>1,134</b>	<b>1,686</b>
Generation of electricity	<b>2,087</b>	<b>2,689</b>
	<b>3,221</b>	<b>4,375</b>

All turnover arose within the United Kingdom.

#### **5. Operating profit**

The operating profit is stated after charging:

	<b>2016</b>	<b>2015</b>
	<b>£000</b>	<b>£000</b>
Depreciation of tangible fixed assets	<b>399</b>	<b>403</b>
Operating lease rentals: plant and machinery	<b>226</b>	<b>226</b>

During the year, no director received any emoluments (2015 - £NIL)

For the year ended 31 December 2016 and the prior year, auditor's remuneration was borne by a fellow group company.

# **Northumberland Waste Management Limited**

## **Notes to the financial statements For the Year Ended 31 December 2016**

### **6. Employees**

Staff costs were as follows:

	<b>2016</b>	<b>2015</b>
	<b>£000</b>	<b>£000</b>
Wages and salaries	<b>181</b>	<b>156</b>
Social security costs	<b>19</b>	<b>16</b>
Cost of defined contribution scheme	<b>5</b>	<b>16</b>
	<b>205</b>	<b>188</b>

All employees are employed by SUEZ Recycling and Recovery UK Limited and paid by SUEZ Recycling and Recovery Holdings UK Limited. Costs are then recharged to the company.

During the year, no director received any emoluments (2015 - £NIL).

The average monthly number of employees, including the directors, during the year was as follows:

	<b>2016</b>	<b>2015</b>
	<b>No.</b>	<b>No.</b>
Operational	<b>8</b>	<b>6</b>

### **7. Interest receivable**

	<b>2016</b>	<b>2015</b>
	<b>£000</b>	<b>£000</b>
Interest receivable from group companies	<b>72</b>	<b>144</b>
	<b>72</b>	<b>144</b>

### **8. Interest payable and similar charges**

	<b>2016</b>	<b>2015</b>
	<b>£000</b>	<b>£000</b>
Discount on provisions	<b>160</b>	<b>162</b>
	<b>160</b>	<b>162</b>

# Northumberland Waste Management Limited

## Notes to the financial statements For the Year Ended 31 December 2016

### 9. Taxation

	2016 £000	2015 £000
<b>Corporation tax</b>		
Current tax on profits for the year	76	345
Adjustments in respect of previous periods	(18)	52
	<u>58</u>	<u>397</u>
<b>Total current tax</b>	<u>58</u>	<u>397</u>
<b>Deferred tax</b>		
Origination and reversal of timing differences	62	33
Adjustments in respect of prior periods	16	(48)
	<u>78</u>	<u>(15)</u>
<b>Total deferred tax</b>	<u>78</u>	<u>(15)</u>
<b>Taxation on profit on ordinary activities</b>	<u>136</u>	<u>382</u>

### Factors affecting tax charge for the year

The tax assessed for the year is higher than (2015 - *higher than*) the standard rate of corporation tax in the UK of 20% (2015 - 20.25%). The differences are explained below:

	2016 £000	2015 £000
Profit on ordinary activities before tax	<u>643</u>	<u>1,692</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 20% (2015 - 20.25%)	129	343
<b>Effects of:</b>		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	4	7
Adjustments to tax charge in respect of prior periods	(2)	4
Changes in taxation rate	5	28
<b>Total tax charge for the year</b>	<u>136</u>	<u>382</u>

### Factors that may affect future tax charges

Reductions to the UK corporation tax rate have been announced that will have an effect on future tax charges. The change in the corporation tax rate to 19% from 1 April 2017 and 17% from 1 April 2020 had been enacted at the balance sheet date and the deferred tax balance has been adjusted to reflect this change.

**Northumberland Waste Management Limited**

**Notes to the financial statements  
For the Year Ended 31 December 2016**

**10. Tangible fixed assets**

	<b>Land &amp; Buildings £000</b>	<b>Plant &amp; machinery £000</b>	<b>Motor vehicles £000</b>	<b>Assets under construction £000</b>	<b>Total £000</b>
<b>Cost or valuation</b>					
At 1 January 2016	14,965	6,731	63	174	21,933
Additions	12	165	-	4	181
Disposals	-	(1)	-	-	(1)
Transfers between classes	-	172	-	(172)	-
At 31 December 2016	14,977	7,067	63	6	22,113
<b>Depreciation</b>					
At 1 January 2016	12,210	4,977	62	-	17,249
Charge for the period on owned assets	53	346	-	-	399
Disposals	-	(1)	-	-	(1)
At 31 December 2016	12,263	5,322	62	-	17,647
<b>Net book value</b>					
At 31 December 2016	2,714	1,745	1	6	4,466
At 31 December 2015	2,755	1,754	1	174	4,684

Under previous UK GAAP the company carried land and buildings under the historic frozen valuation. Under IFRS 1 this has been used as deemed cost at the date of transition. Details of the historic valuation are noted below.

Cost or valuation at 31 December 2016 is as follows:

	<b>Land and buildings £000</b>
<b>At cost</b>	11,464
<b>At valuation:</b>	
1998 by directors on open market existing use basis	3,513
	<b>14,977</b>

# **Northumberland Waste Management Limited**

## **Notes to the financial statements For the Year Ended 31 December 2016**

### **10. Tangible fixed assets (continued)**

If the land and buildings had not been included at valuation they would have been included under the historical cost convention as follows:

	2016 £000	2015 £000
Cost	11,464	11,452
Accumulated depreciation	(9,557)	(9,517)
<b>Net book value</b>	<b>1,907</b>	<b>1,935</b>

### **11. Fixed Asset Investments**

During the year the company owned 100% of the share capital of WmE Christer (Gravel) Limited. A company registered in England & Wales which is dormant and had a carrying value of £nil at the 31 December 2016.

### **12. Debtors**

	2016 £000	2015 £000
Amounts owed by group undertakings	28,403	27,944
Prepayments and accrued income	484	624
Deferred taxation	179	257
	<b>29,066</b>	<b>28,825</b>

All amounts fall due within one year.

### **13. Creditors: Amounts falling due within one year**

	2016 £000	2015 £000
Corporation tax	76	345
Other creditors	4	-
Accruals and deferred income	210	197
	<b>290</b>	<b>542</b>



**Northumberland Waste Management Limited**

**Notes to the financial statements  
For the Year Ended 31 December 2016**

**14. Financial instruments**

	<b>2016 £000</b>	<b>2015 £000</b>
<b>Financial assets</b>		
Financial assets that are debt instruments measured at amortised cost	<b>28,884</b>	<b>28,553</b>
	<u><b>28,884</b></u>	<u><b>28,553</b></u>
<b>Financial liabilities</b>		
Financial liabilities measured at amortised cost	<b>(214)</b>	<b>(197)</b>
	<u><b>(214)</b></u>	<u><b>(197)</b></u>

Financial assets that are debt instruments measured at amortised cost comprises amounts owed to group companies and accrued income.

Financial liabilities measured at amortised cost comprise accruals.

**15. Deferred taxation**

	<b>2016 £000</b>	<b>2015 £000</b>
At beginning of year	<b>257</b>	<b>242</b>
Charged to the profit or loss	<b>(78)</b>	<b>15</b>
<b>At end of year</b>	<u><b>179</b></u>	<u><b>257</b></u>

The deferred tax asset is made up as follows:

	<b>2016 £000</b>	<b>2015 £000</b>
Accelerated capital allowances	<b>99</b>	<b>87</b>
Other timing differences	<b>80</b>	<b>170</b>
	<u><b>179</b></u>	<u><b>257</b></u>

**Northumberland Waste Management Limited**

**Notes to the financial statements  
For the Year Ended 31 December 2016**

**16. Provisions**

	<b>Environment al and landfill costs £000</b>
At 1 January 2016	<b>3,412</b>
Charged to profit or loss	<b>588</b>
Unwinding of discount	<b>160</b>
Utilised in year	<b>(980)</b>
<b>At 31 December 2016</b>	<b><u>3,180</u></b>

**Environmental and landfill costs**

The provision for environmental and landfill costs has been calculated in accordance with the accounting policy set out in note 2.12. The closure costs will be incurred prior to and during the closure of the company's landfill sites, whilst the post closure provision will be utilised over the 60 years thereafter.

**17. Share capital**

	<b>2016 £000</b>	<b>2015 £000</b>
<b>Shares classified as equity</b>		
<b>Allotted, called up and fully paid</b>		
1,300,002 ordinary shares of £1 each	<b><u>1,300</u></b>	<b><u>1,300</u></b>

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

**18. Reserves**

**Revaluation reserve**

Non distributable reserve account where the surplus, created when assets were revalued under a previous GAAP, were recognised.

**Profit & loss account**

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

## Northumberland Waste Management Limited

### Notes to the financial statements For the Year Ended 31 December 2016

#### 19. Capital commitments

At 31 December 2016 the Company had capital commitments as follows:

	2016 £000	2015 £000
Contracted for but not provided in these financial statements	-	117
	<u>-</u>	<u>117</u>

#### 20. Pension commitments

The company operates a defined contributions pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension cost charge represents contributions payable by the company to the fund and amounted to £nil (2015 - £5,000).

The company participates in SUEZ R&R UK Group defined benefit pension schemes and the pension charge is based on full actuarial valuations dated between 31 December 2012 and 5 April 2015. These are schemes under common control, the assets and liabilities of which are held separately from the Group.

There is no contractual arrangement or policy for charging the net benefit costs between the entities who participate in the scheme. The company has therefore recorded the contributions paid to the scheme as a charge to the income statement. Pension contributions are determined with the advice of independent qualified actuaries. The levels of contributions are based on the current service costs and the expected future cash flows of the defined benefit scheme.

The assets in the Group schemes are measured at their fair value at the balance sheet date and overall expected rates of return are established by the directors following discussions with the Group's actuary. The liabilities in the scheme are measured on an actuarial basis using the projected unit method. The net liability of the UK schemes as disclosed in the consolidated accounts of the UK parent company, SUEZ R&R Holdings UK Limited, at 31st December 2016 is £21,242,000 (2015: £1,287,000).

The pension cost charge represents contributions payable by the company to the funds and amounted to £5,000 (2015 - £11,000). It is not anticipated that future pension cost charges in Northumberland Waste Management Limited will increase significantly because of the net liability in the Group pension schemes. The total amount expected to be contributed by the SUEZ R&R Holdings UK Limited Group to the schemes in 2017 is £3,312,000 (2016 contributions - £3,052,000).

## Northumberland Waste Management Limited

### Notes to the financial statements For the Year Ended 31 December 2016

#### 21. Commitments under operating leases

At 31 December 2016 the Company had future minimum lease payments under non-cancellable operating leases as follows:

	2016 £000	2015 £000
Not later than 1 year	70	226
Later than 1 year and not later than 5 years	2	70
Later than 5 years	-	2
<b>Total</b>	<b>72</b>	<b>298</b>

#### 22. Controlling party

At the year end the ultimate parent undertaking was SUEZ SA, a company incorporated in France.

The largest group of which Northumberland Waste Management Limited is a member and for which group financial statements are drawn up is that headed by SUEZ SA, whose consolidated financial statements are available from Tour CB21, 16 Place de L'Iris, 92040 Paris La Defense Cedex, France.

The smallest such group is that headed by SUEZ Recycling and Recovery Holdings UK Limited, a company registered in England & Wales. The consolidated financial statements of the SUEZ Recycling and Recovery Holdings UK Limited Group may be obtained from SUEZ House, Grenfell Road, Maidenhead, Berkshire, SL6 1ES.

In the opinion of the directors, SUEZ Recycling and Recovery Holdings UK Limited controls the company as a result of controlling 100% of the issued share capital of Northumberland Waste Management Limited. At the year end SUEZ SA was the ultimate controlling party, being the ultimate controlling party of SUEZ Recycling and Recovery Holdings UK Limited.