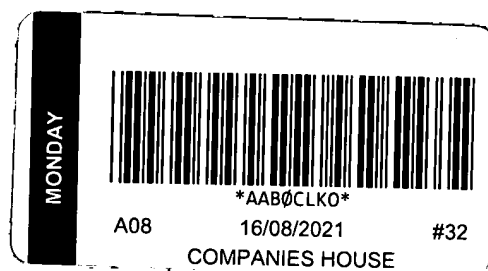


Registered number: 2618280

Northumberland Waste Management Limited

Annual report and financial statements

For the Year Ended 31 December 2020



Northumberland Waste Management Limited

Company Information

Directors	F Duval C Thorn (appointed 1 February 2020)
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 2020

Business review

	2020	2019	
	£000	£000	Change
Turnover	19,061	18,084	5%
Operating profit	1,812	2,110	-14%
Profit after tax	1,378	1,733	-20%
Shareholders' funds - equity	35,479	34,101	4%
Current assets as a % of current liabilities	2555%	2903%	

Turnover has increased by 5% from prior year, mainly due to increases in waste disposal revenue from prior year mainly due to increased tonnages during the year. Electricity production revenue has decreased slightly from prior year due to lower gas yields.

Operating profit has decreased due to higher maintenance costs as a result of a gas engine overhaul during 2020.

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 businesses rely 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 (continued) For the Year Ended 31 December 2020

Principal risks and uncertainties (continued)

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.

COVID-19

Operational update: Our industrial and commercial business felt the biggest hit. All of our Energy from waste facilities (EfW) continued to run, our MRFs saw increased volumes and our local authority contracts were all operating. Household Waste Recycling Centres mostly re-opened after initial closure, with customers and residents in the vast majority complying with the social distancing measures that we have implemented.

The next step will be to start having discussions with our local authority customers about potentially increasing the range of products we take in, which will be determined on a site-by-site basis.

Trading: The Trading Back Office and Distribution teams operated virtually and despite the drop in I&C volumes across the UK, our traders were busy – we saw DMR volumes through our MRFs and balers hold up well. Many of the packaging suppliers to the food, drinks and online retail industries had increased demand for our recycled products. The paper and cardboard packaging fibre mills were particularly desperate for material during the COVID-19 crisis.

Facilities: Safe Work Procedures were approved and published for both Maidenhead and Weston offices which

Northumberland Waste Management Limited

Strategic report (continued) For the Year Ended 31 December 2020

were set up with social distancing measures/procedures, signage and sanitizing/cleaning materials, etc., ready for employees return to the office on an ad hoc or permanent basis.

Employee survey: SUEZ Group ran a short confidential survey for employees to gather feedback on how the business had handled coronavirus. The 549 UK employees responding to the Group survey felt that they received better communications but were slightly more anxious about the pandemic than employees in other countries. Following this a UK project recovery survey was sent out to all employees and the initial results mirrored that of the Group survey. The Project Recovery team will use the results to capture good practices and improve the way business is done moving forward.

Fleet: The slight easing of lockdown in May saw an increase in vehicle movements with company cars being delivered and terminated car leases being collected. We took delivery of our first three Electric MG ZS company cars and 52 Tesla. We booked more home installations with our approved supplier for the EV home charging units.

MIS: In 1 week at the start of lockdown there were almost 600 calls to our Service Desk, who have continued to help our colleagues with the new ways of working by sending out regular tips to help get the most from some of the tools now being used. To assist with working in flexible ways, MIS investigated the use of SUEZ apps on personal devices to provide more options to access email and internally developed apps on employee's own phones, while still maintaining the security of the business's data. Working with our main business application suppliers we ensured the business made the required changes to meet the demands of COVID-19 working, and also to ensure we can return to normal working methods once operations pick up again.

Payroll and Pensions: We successfully incorporated around 400 new Somerset employees into our systems, administered annual bonuses as well as annual salary review (ASR) for manual workers and the living wage increase (SUEZ' minimum of £8.82 per hour). We have audited salary sacrifices for pensions, to ensure no employee breaches national minimum wage.

Compensation and Benefits: On the reward front, the employee benefit, MyWagez, which provides employees with the opportunity to draw down up to 30% of salary already earned in the current month before pay day, should they be in financial difficulty was launched. We also partnered with TransaveUK, a credit union, to encourage employees to save regularly, administered via payroll.

Section 172 statement

In accordance with the Companies Act 2006 (the 'Act') (as amended by the Companies (Miscellaneous Reporting) Regulations 2018), the Directors provide this statement describing how they have had regard to the matters set out in section 172(1) (a) – (f) of the Act, when performing their duty to promote the success of the Company, under section 172.

S172(1)(a) The likely consequences of any decision in the long term

The focus of the Board has been to drive the Group towards achieving its goals alongside its commitment to having a workforce that more accurately reflects society and has developed challenging targets to achieve this, which includes overhauling our parental leave and flexible working policies, improving the gender pay gap and collaborating across the sector to help drive sector-wide change.

The Directors of the Company delegated certain duties and responsibilities to various committees and received regular and timely information (at least monthly) on all key aspects of the business including health and safety, risks and opportunities, the financial performance of the business, strategy, operational matters, market conditions and sustainability.

These are all supported by Key Performance Indicators (KPIs) which were part of a list of strategic priorities identified to be reviewed by management throughout 2020.

Early in March the Board closely monitored developments of COVID-19 to ensure business continuity and preparedness in the case of a Coronavirus epidemic. They set up a strategic UK task group which follows a standard protocol used by organisations in response to emergency situations. The lead decision making body for this group is the Gold Command, comprising the OpCom, Head of Health and Safety, Head of HR Operations, Legal Director and Communications Director, who monitor and respond to the situation on an ongoing basis.

Northumberland Waste Management Limited

Strategic report (continued) For the Year Ended 31 December 2020

This group worked within the advice from the SUEZ Group and Public Health England, having daily calls to determine any actions needed.

In addition, six Silver Command teams for each of our four regions, Weston, and Maidenhead comprising the Gold Command members, Regional Directors and local health and safety, communications and HR representatives were set up. These groups also liaised on a regular basis as the need required. These groups met daily at the height of the crisis.

S172(1)(b) The interests of the Company's employees

How the directors promote the interests of the Company's employees are set out within the Engagement with employees section of the Directors' report (page 9).

S172(1)(c) The need to foster the company's business relationships with suppliers, customers and others

How the directors promote the need to foster the company's business relationships with suppliers, customers and others is set out in the engagement with suppliers, customers and others of the Directors' report (page 10).

S172(1)(d) The impact of the Company's operations on the community and the environment

The Company and our employees believe it is important to give something back to the communities we work in and to society. We do this in many ways. We organise these activities into a programme under our corporate responsibility strategy and call it 'Giving Something Back'. The programme aims to encourage everyone in the Company to get involved with local causes and support national charities.

Engagement normally takes place locally through our local offices and sites, with many individuals from our operations and the planning team having regular two-way conversations with community representatives to discuss our activities and the local topics that impact us both, including via Science, Technology, Engineering and Mathematics (STEM) programme which helps to improve the learning and career prospects of local people, at the same time as enhancing our reputation and helping to develop our people and our education programmes, community consultation and involvement through various community trusts, however all activities were put on hold due to COVID-19.

We maintain a collaborative and positive relationship with our key environmental regulators, the Environment Agency and Scottish Environmental Protection Agency. More details of how the Company promotes its purpose of protecting our environment by putting waste to good use is set out in the Environmental matters section of the Directors' report (page 7).

The UK Group can now understand and demonstrate the social value created at the level of a local community or individual project, as well as company-wide. We know the social value commitments we make to our clients and this is guiding decision-making across the business.

As part of the Group's drive to become more sustainable, the Board decided to change the 'Sustainable Development and Social Value' critical success factor (CSF) to 'Sustainable Environment', to create a clearer statement about the overarching purpose of SUEZ Recycling and Recovery UK and our vital role in creating a more sustainable future as set out by the United Nations through the 17 Sustainable Development Goals (SDGs), which we have adopted to help drive what we do as a company in the area of Sustainable Environment.

The UK Group agreed a renewable electricity self-supply deal, which enables SUEZ to power UK operations with 100% own-generated renewable electricity. Thereby reducing the businesses impact on the environment when compared with non-renewable sources.

As a net exporter of energy with over 300 sites in the UK, many of which generate renewable electricity. SUEZ aims to close the loop by using own-generated electricity from its facilities to power all business operations in the UK. The renewable electricity generated by us is a combination of energy generated from energy-from-waste facilities and landfill gas sites - SUEZ exports over 500 GWh of electricity every year. In the UK, approximately 10% of the renewable electricity generated is supplied directly back to the business through the self-supply deal.

SUEZ receives a Renewable Energy Guarantee of Origin (REGO) certificate for every megawatt hour of renewable electricity generated, from the regulator, Ofgem, which verifies that the electricity is 100% renewable.

Northumberland Waste Management Limited

Strategic report (continued)
For the Year Ended 31 December 2020

SUEZ is able to supply the rest of the business and operations at all of its 300 sites across the UK with own-generated renewable power. This includes self-supply to large Private Finance Initiative (PFI) waste contracts, including Greater Manchester, Cornwall and West London. As the deal is REGO certified, the electricity is guaranteed as 100% renewable. In 2020, SUEZ generated over 1.4 million MWh of electricity, which is enough to power approximately 350,000 homes.

S172(1)(e) The desirability of the company maintaining a reputation for high standards of business conduct

Every person in their day-to-day behaviour, in the way they perform their roles and responsibilities and in their business dealings with others, must apply the Group's values and ethics principles, which are:

- Acting in accordance with laws and regulations.
- Establishing a culture of integrity.
- Behaving fairly and honestly.
- Respecting others.

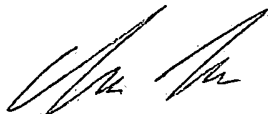
Each person should seek to use good sense and judgment in his/her actions, which is why it is normal and natural to discuss the ethical questions and dilemmas inherent in any professional activity with colleagues and line managers. Identifying ethical conduct and avoiding mistakes are processes that contribute to the pursuit of excellence. Ethical behaviour requires both personal and team commitment.

S172(1)(f) The need to act fairly as between members of the company

For the year under review, we have been a wholly owned subsidiary within the SUEZ Recycling and Recovery UK Group (the Group). With the Chief Executive Office and the Finance Director also sitting on our board. Relevant decisions of the Board are also discussed, where relevant, at the meetings of the Parent Company board.

This report was approved by the board on 12th Aug 2021 and signed on its behalf.

C Thorn
Director



Northumberland Waste Management Limited

Directors' report

For the Year Ended 31 December 2020

The directors present their report and the financial statements for the year ended 31 December 2020.

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 £1,378,000 (2019 - £1,733,000).

The directors do not recommend the payment of a dividend (2019 - £nil).

Directors

The directors who served during the year were:

F Duval

C Thorn (appointed 1 February 2020)

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.

The UK Group benefits from a current account overdraft facility from the French parent company (SUEZ SA) to finance day to day activities. It also benefits from long term loans from SUEZ SA regarding some of our major infrastructure projects. The loans are subject to contractual terms and repayment schedules in line with the operational activities of the infrastructure that they finance. We consider it highly unlikely that SUEZ SA would cancel the overdraft facility that we have in place. However, should this unlikely event occur, we believe we would be able to replace the facility with external debt thanks to our strong credit reputation and relationships with UK banks. The UK Group currently has no external (non Group) loans in place. The impact of COVID-19 has been assessed and factored into the cashflow forecasts for the UK Group and it is not expected that the overdraft facility with SUEZ SA will be breached in the next 12 months, with adequate headroom for any unknown events also.

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

Directors' report (continued) For the Year Ended 31 December 2020

Environmental matters

Statement of carbon emissions in compliance with Streamlined Energy and Carbon Reporting (SECR) covering energy use and associated greenhouse gas emissions relating to gas, electricity and transport, intensity ratios and information relating to energy efficiency actions.

	Current reporting year 2020
Emissions from the combustion of landfill gas & biogas (tCO ₂ e) (Scope 1)	40
Emissions from combustion of gas (tCO ₂ e) (Scope 1)	4,803
Emissions from combustion of fuel for transport purposes (tCO ₂ e) (Scope 1)	55,328
Emissions from business travel in rental cars or employee-owned vehicles where company is responsible for purchasing the fuel (tCO ₂ e) (Scope 3)	690
Emissions from purchased electricity (tCO ₂ e) (Scope 2, location-based)	17,381
Total gross CO ₂ e (tCO ₂ e)	863,843
Intensity ratio: tCO ₂ e gross figure	0.08

Methodology

Carbon emissions reported using the GHG Protocol Corporate Accounting and Reporting.

Standard Revised Edition together with the carbon conversion factors published by the UK's Department for Business, Energy and Industrial Strategy (BEIS) in July 2020. Where UK Government factors are unavailable, the Entreprises pour l'Environnement (EpE) Protocol for the Quantification of Greenhouse Gas Emissions from Waste management Activities - Version 5 - October 2013 tool has been used which has the 'Built on the GHG Protocol' label.

Energy Efficiency Action

- Utilisation of Supatrak to promote route and driver efficiencies
- Introduction of electric vehicles into our company car scheme with 100 orders placed
- Trialled an electric Refuse Collection Vehicle
- Introduced 4 electric vehicle charging points at our Suffolk EFW to support the transition to an electric company car fleet
- Commenced the roll out of environmental awareness training to all employees
- Reduced travel and increased digital meetings
- Introduction of a sustainability champions network & 10 sustainability principles including a focus on reduced resource consumption
- Introduction of an employee app, the Sustainable Environment Activity Tracker to encourage employees to log sustainability initiatives and to undertake further actions linked to reducing resource consumption
- Conducted a number of internal/external webinars on decarbonisation to raise awareness and knowledge across the value chain
- Increased the waste throughput capacity of Suffolk EFW by 26,000 tonnes, in turn increasing electricity generation by 11,000MWh
- Introduced digital technologies to spot non-conforming wastes at our West London Transfer Station to reduce blockages and downtime and associated resource consumption for plant restarts.
- Improved the purchasing process associated with chemicals to order in larger quantities, reduce the packaging and access to more sustainable products.
- Commenced the roll out of the installation of LED lighting across all of our facilities
- Switched to electronic duty of care paperwork for our I&C Customers
- MoU with BP to explore carbon capture and storage from energy from waste

In the period covered by the annual report, SUEZ Recycling and Recovery UK has undertaken a number of energy and carbon reduction improvement actions associated with the electricity and fuel we consume, the infrastructure and equipment we use, and the training and education we provide to our employees as well as our

Northumberland Waste Management Limited

Directors' report (continued)

For the Year Ended 31 December 2020

wider stakeholders in order to further our efforts towards sustainable resource consumption and achieving net zero:

Electricity

- We have continued to purchase 100% renewable electricity for our operations.

Fuel

- We have continued to use Supatrak to promote route and driver efficiencies to minimise fuel consumption.
- We have promoted the uptake of digital meetings, to minimise travel, associated fuel use and carbon emissions where possible.

Infrastructure & equipment

- We have introduced electric vehicles into our company car scheme with 100 orders placed during the period, together with installing 4 electric vehicle charging points at our Suffolk EFW to support our transition towards an electric company car fleet. With regards to our larger fleet, we have also undertaken trials of electric refuse collection vehicles in partnership with the supply chain.
- We have also commenced an LED lighting installation program across all of our facilities, increased the waste throughput capacity of Suffolk EFW by 26,000 tonnes, in turn increasing electricity generation by 11,000MWh and, introduced digital technologies at our West London to identify non-conforming wastes which will in turn reduce blockages and downtime and associated resource consumption when restarting the plant.
- We are also reviewing the digitalisation of our processes and during the period, switched to electronic Duty of Care paperwork for our I&C Customers.
- We have also signed a Memorandum of Understanding (MoU) with BP to explore the feasibility of the UK's first carbon capture and storage (CCS) from energy-from-waste (EFW).

Awareness and education

- We have introduced our 10 Sustainability Principles and network of Sustainability Champions to put sustainable behaviours at the heart of how we operate, together with introducing an employee app for employees to record the actions they complete to encourage and motivate further action. We have also attended and hosted various internal and external webinars to raise awareness on reducing consumption and associated carbon emissions.

Additionally, we have also generated 1,419,728MWh of electricity and 390,595MWh of heat as a result of extracting value from the resources we manage.

In 2021, we aim to continue to improve our energy efficiency and reduce our carbon emissions whilst also working with our customers and supply chain to help them decarbonise. We intend to continue with the LED lighting installation program, introduce our sustainable business travel policy and truly embed our sustainability champions network and implementation of our 10 sustainability principles to further drive a reduction in resource consumption and our efforts towards achieving net zero.

Northumberland Waste Management Limited

Directors' report (continued) For the Year Ended 31 December 2020

Future developments

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

Engagement with employees

The Company, as part of the Group, communicates to its employees through presentations, internal group-wide emails, newsletters, social media channels and blogs on our intranet. An annual employee conference, delivered at various local locations around the country, provides a briefing on the Group's performance, and gives an update on any initiatives that are being introduced and allows individuals to raise questions and concerns.

The Board engaged directly with employees throughout 2020 via emails, social media channels and the blogs on our intranet, all of which give our employees the opportunity to interact with members of the Board and senior management.

U Say, the Group's employee engagement survey, is carried out anonymously every two years to highlight areas of improvement. The Board considers the results of all employee engagement surveys a good barometer of the workforce's confidence in the Group's strategic direction, optimism in the future and career opportunities.

In 2020, SUEZ Recycling and Recovery UK was once again included as one of The Sunday Times '25 Best Big Companies To Work For', taking 23rd spot on the prestigious and highly competitive 2020 list because the Company stood out due to our good levels of employee engagement and satisfaction in the 2019 survey, helping to raise £20,000 for our charity partner Macmillan Cancer Support.

The CEO, Chief Human Resources Officer and members of the senior management team had calls with the SUEZ UK Works Council (SWC) to discuss all matters relating to COVID-19 and the Board's planning to ensure the Board responds to all matters that are important to all its employees.

In 2020, due to social distancing, the Board's emphasis was on keeping employees engaged and in touch with each other through the various ways in which employees could keep up to date with key news relating to the business, give feedback and keep in touch with each other; including:

- Communications from the CEO by email messages, webinars and video that were also made available on YouTube.
- Your line manager – who provides employee feedback via members of the silver command.
- Members of the silver and gold command – via phone, email and the dedicated email address.
- SWC – the SWC representatives continued to make themselves available to take employee feedback and pass this back to the Board.
- Yammer – the social networking tool, also available on a smartphone, enabled employees to keep in touch, network and share ideas. This tool was taken up by a large number of staff from all parts of the business posting, replying and supporting each other during these unusual times.
- Microsoft Teams – the Office 365 app that has a range of tools designed for remote working via a chat function enabling video calls with multiple people and used for team catch ups and training.
- Intranet, SUEZ Life, regional newsletters, me.suez
- Text messaging

As well as COVID-19 updates, health and safety updates, wellbeing communications and communications on company matters not relating to the virus, we are very keen to share examples and stories from around the business and especially from the frontline.

Northumberland Waste Management Limited

Directors' report (continued) For the Year Ended 31 December 2020

Engagement with suppliers, customers and others

Customers

The Board engages with key customers and clients through the Regional Directors who provide the Board with regular information about customers in various reports produced throughout the business by the commercial and management teams.

During 2020 the company received thanks and praise coming in from our customers and residents via its social media channels and staff from our collection contract with East Devon highlighted the Company providing critical front line services on the BBC "One World: Together at home" concert.

Suppliers

The Group primarily engages with our suppliers via its website and procurement teams as well as through other business support functions including the commercial and legal.

The Board receives information through various Group board reports produced throughout the business.

Other stakeholders

Other key stakeholders include the Government, Regulators and Local Authorities and due to COVID-19, face-to-face meetings and site visits were replaced by video-conferencing and calls.

The Chief Executive, some directors and senior managers had calls with members of Government, other political parties and senior officials to provide an overview of the recycling and recovery industry and to provide feedback on potential changes being considered by the Government.

Rebecca Pow MP, the Parliamentary Under Secretary of State at Defra and whose role oversees recycling and waste management, wrote a letter to all those who work in our industry in which she states how enormously grateful she is for all we are doing and adds how proud she is of the commitment shown by the thousands of employees in our industry to the services we provide which is helping keep the country going.

The leader and chief executive of Warwick District Council published a press release which included praise for our teams. Our employees perform a critical role as key workers and the Board was pleased to see all our employees' efforts being recognised by the Government.

The Group's business is heavily regulated with a large number of our key clients being local authorities. We perform customer engagement surveys and the performance of the business is regularly reported to the Board and OpCom on a monthly basis. The findings are used to improve customer engagement with knowledge being shared across the Group. On all large contracts, the Group hosts local community events to engage with local stakeholders.

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.

Northumberland Waste Management Limited

Directors' report (continued) For the Year Ended 31 December 2020

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 to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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

Disclosure of information to auditor

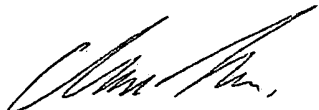
Each of the persons who are directors at the time when this Directors' report is approved has confirmed that:

- 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.

Auditor

The auditor, Mazars LLP, is deemed to be reappointed in accordance with section 386 of the Companies Act 1985 by virtue of an elective resolution passed by the members on 7 July 2003.

This report was approved by the board on 12th Aug 2021 and signed on its behalf.



C Thorn
Director

Northumberland Waste Management Limited

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

Opinion

We have audited the financial statements of Northumberland Waste Management Limited (the 'Company') for the year ended 31 December 2020, which comprise the Statement of comprehensive income, the Statement of financial position, the Statement of changes in equity and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 101 'Reduced Disclosure Framework' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2020 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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

Northumberland Waste Management Limited

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

We have nothing to report in this regard.

Opinion 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.

Matters on which we are required to report by exception

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

We have nothing to report in respect of the following matters in relation to which 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.

Northumberland Waste Management Limited

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

Responsibilities of directors

As explained more fully in the Directors' responsibilities statement on page 11, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an Auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. Based on our understanding of the company and its industry, we identified that the principal risks of non-compliance with laws and regulations related to the UK tax legislation, pensions legislation, employment regulation, environmental legislation, health and safety regulation, anti-bribery, corruption and fraud, money laundering, non-compliance with implementation of government support schemes relating to COVID-19, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the preparation of the financial statements, such as the Companies Act 2006.

We evaluated the directors' and management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls) and determined that the principal risks were related to posting manual journal entries to manipulate financial performance, management bias through judgements and assumptions in significant accounting estimates, in particular in relation to environmental provisions and recognition of deferred tax asset.

Our audit procedures were designed to respond to those identified risks, including non-compliance with laws and regulations (irregularities) and fraud that are material to the financial statements. Our audit procedures included but were not limited to:

- Discussing with the directors and management their policies and procedures regarding compliance with laws and regulations;
- Communicating identified laws and regulations throughout our engagement team and remaining alert to any indications of non-compliance throughout our audit; and
- Considering the risk of acts by the company which were contrary to applicable laws and regulations, including fraud.

Our audit procedures in relation to fraud included but were not limited to:

- Making enquiries of the directors and management on whether they had knowledge of any actual, suspected or alleged fraud;
- Gaining an understanding of the internal controls established to mitigate risks related to fraud;
- Discussing amongst the engagement team the risks of fraud; and
- Addressing the risks of fraud through management override of controls by performing journal entry testing.

There are inherent limitations in the audit procedures described above and the primary responsibility for the

Northumberland Waste Management Limited

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

prevention and detection of irregularities including fraud rests with management. As with any audit, there remained a risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal controls.

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

Use of the audit report

This report is made solely to the company's member 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.



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: 12 August 2021

Northumberland Waste Management Limited

**Statement of comprehensive income
For the Year Ended 31 December 2020**

	Note	2020 £000	2019 £000
Turnover	4	19,061	18,084
Cost of sales		(16,767)	(15,389)
Gross profit		2,294	2,695
Administrative expenses		(483)	(585)
Other operating income	5	1	-
Operating profit	6	1,812	2,110
Interest receivable and similar income	8	259	250
Interest payable and expenses	9	(292)	(157)
Profit before tax		1,779	2,203
Tax on profit	10	(401)	(470)
Profit for the financial year		1,378	1,733
Total comprehensive income for the year		1,378	1,733

The notes on pages 19 to 34 form part of these financial statements.

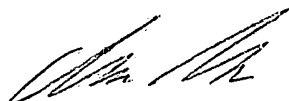
All profit and total comprehensive income for the year is attributable to continuing operations.

Northumberland Waste Management Limited
Registered number: 2618280

Statement of financial position
As at 31 December 2020

	Note	2020 £000	2019 £000
Fixed assets			
Tangible assets	11	3,383	3,163
		<u>3,383</u>	<u>3,163</u>
Current assets			
Stocks	13	5	-
Debtors: amounts falling due within one year	14	35,968	34,431
		<u>35,973</u>	<u>34,431</u>
Creditors: amounts falling due within one year	15	(1,408)	(1,186)
Net current assets		<u>34,565</u>	<u>33,245</u>
Total assets less current liabilities		<u>37,948</u>	<u>36,408</u>
Provisions for liabilities			
Other provisions	18	(2,469)	(2,307)
		<u>(2,469)</u>	<u>(2,307)</u>
Net assets		<u>35,479</u>	<u>34,101</u>
Capital and reserves			
Called up share capital	19	1,300	1,300
Revaluation reserve	20	367	436
Profit and loss account	20	33,812	32,365
Shareholder's funds - equity		<u>35,479</u>	<u>34,101</u>

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



12th Aug 2021

C Thorn
Director

The notes on pages 19 to 34 form part of these financial statements.

Northumberland Waste Management Limited

**Statement of changes in equity
For the Year Ended 31 December 2020**

	Called up share capital	Revaluation reserve	Profit and loss account	Total equity
	£000	£000	£000	£000
At 1 January 2020	1,300	436	32,365	34,101
Comprehensive income for the year				
Profit for the year	-	-	1,378	1,378
Other comprehensive income for the year	-	-	-	-
Total comprehensive income for the year	-	-	1,378	1,378
Revaluation reserve transfer	-	(69)	69	-
At 31 December 2020	1,300	367	33,812	35,479

The notes on pages 19 to 34 form part of these financial statements.

**Statement of changes in equity
For the Year Ended 31 December 2019**

	Called up share capital	Revaluation reserve	Profit and loss account	Total equity
	£000	£000	£000	£000
At 1 January 2019	1,300	526	30,542	32,368
Comprehensive income for the year				
Profit for the year	-	-	1,733	1,733
Other comprehensive income for the year	-	-	-	-
Total comprehensive income for the year	-	-	1,733	1,733
Revaluation reserve transfer	-	(90)	90	-
At 31 December 2019	1,300	436	32,365	34,101

The notes on pages 19 to 34 form part of these financial statements.

Northumberland Waste Management Limited

Notes to the financial statements For the Year Ended 31 December 2020

1. General information

Northumberland Waste Management Limited is private company limited by share, 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 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 2020

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.
- The requirements of the second sentence of paragraph 110 and paragraphs 113(a), 114, 115, 118, 119(a) to (c), 120 to 127 and 129 of IFRS 15 Revenue from Contracts with Customers.

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.

The adoption of the following mentioned standards, amendments and interpretations in future years are not expected to have a material impact on the Company's financial statements:

- IFRS 9, IAS 39, IFRS 16, IFRS 4, IFRS 7 Amendment: Interest Rate Benchmark Reform – Phase 2 (effective from 1 January 2021)
- IFRS 4 Amendment: Extension of the Temporary Exemption from Applying IFRS 9 (effective from 1 January 2021)
- IFRS 16 Amendment: COVID-19-Related Rent Concessions (effective 1 June 2020)
- IFRS 16 Amendment: COVID-19-Related Rent Concessions Beyond 30 June 2021 (effective 1 April 2021)
- FRS 101 Amendment: 2019/20 Cycle (effective May 2020)
- FRS 101 Amendment: 2018/19 Cycle (effective 1 January 2021)

Northumberland Waste Management Limited

Notes to the financial statements For the Year Ended 31 December 2020

2. Accounting policies (continued)

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.

The UK Group benefits from a current account overdraft facility from the French parent company (SUEZ SA) to finance day to day activities. It also benefits from long term loans from SUEZ SA regarding some of our major infrastructure projects. The loans are subject to contractual terms and repayment schedules in line with the operational activities of the infrastructure that they finance. We consider it highly unlikely that SUEZ SA would cancel the overdraft facility that we have in place. However, should this unlikely event occur, we believe we would be able to replace the facility with external debt thanks to our strong credit reputation and relationships with UK banks. The UK Group currently has no external (non Group) loans in place. The impact of COVID-19 has been assessed and factored into the cashflow forecasts for the UK Group and it is not expected that the overdraft facility with SUEZ SA will be breached in the next 12 months, with adequate headroom for any unknown events also.

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.

2.4 Revenue

Revenue including landfill tax, 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.

Northumberland Waste Management Limited

Notes to the financial statements For the Year Ended 31 December 2020

2. Accounting policies (continued)

2.5 Tangible fixed assets (continued)

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 2020

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 established based on the lifetime expected loss model. The amount of any provision is recognised in profit and loss.

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 2020

2. Accounting policies (continued)

2.10 Government grants

Government grants are not recognised until there is reasonable assurance that the company will comply with the conditions attaching to them and that the grants will be received.

Government grants towards staff costs are recognised as income over the periods necessary to match them with the related costs and are presented as a credit in the Statement of comprehensive income within 'other operating income'.

2.11 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 the SUEZ Recycling and Recovery UK Group defined benefit pension schemes and the pension charge is based on full actuarial valuations dated between 31 December 2018 and 5 April 2019. 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.

2.12 Interest income

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

2.13 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 2.40% (2019 - 2.36%) and discounted at 6.01% (2019 - 6.31%). 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 2020

2. Accounting policies (continued)

2.14 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.

Northumberland Waste Management Limited

Notes to the financial statements For the Year Ended 31 December 2020

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

Judgments

The Company management makes judgments to define the appropriate accounting treatment to apply to certain activities and transactions, when the effective IFRS standards and interpretations do not specifically deal with the related accounting issue.

- Taxation – management judgment 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.

As at 31st December 2020 the company's deferred tax asset was £236,000 (2019: £237,000) (Note 17)

Estimates

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:

- 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 amount 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 provisions 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 2020 the company's landfill provisions were £2.5m (2019: £2.3m) (Note 18).

A 0.5% increase to the discount rate would result in £263,000 increase in provision.

A 0.5% decrease to the discount rate would result in £230,000 decrease in provision.

4. Turnover

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

	2020 £000	2019 £000
Disposal of waste	16,790	15,364
Generation of electricity	2,271	2,720
	<u>19,061</u>	<u>18,084</u>

All turnover arose within the United Kingdom.

If the services rendered by the company exceed the payment, a contract asset is recognised, if the payments exceed the services rendered a contract liability is recognised.

Northumberland Waste Management Limited

**Notes to the financial statements
For the Year Ended 31 December 2020**

5. Other operating income

	2020 £000	2019 £000
Coronavirus Job Retention Scheme	1	-
	1	-

6. Operating profit

The operating profit is stated after charging:

	2020 £000	2019 £000
Depreciation of tangible fixed assets	848	902

7. Employees

Staff costs were as follows:

	2020 £000	2019 £000
Wages and salaries	342	387
Social security costs	38	43
Cost of defined contribution scheme	25	28
	405	458

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.

The Company received Coronavirus Job Retention Scheme funding during the year which is shown within Other operating income (Note 5).

During the year, no director received any emoluments (2019 - £NIL).

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

	2020 No.	2019 No.
Operational	12	13
Admin	1	1
	13	14

Northumberland Waste Management Limited

**Notes to the financial statements
For the Year Ended 31 December 2020**

8. Interest receivable

	2020	2019
	£000	£000
Interest receivable from group companies	259	250
	<u>259</u>	<u>250</u>

9. Interest payable and similar expenses

	2020	2019
	£000	£000
Unwinding of discount rate on provisions	292	157
	<u>292</u>	<u>157</u>

10. Taxation

	2020	2019
	£000	£000
Corporation tax		
Current tax on profits for the year	401	474
Adjustments in respect of previous periods	(1)	3
Total current tax	<u>400</u>	<u>477</u>
Deferred tax		
Origination and reversal of timing differences	(13)	-
Adjustments in respect of prior periods	14	(7)
Total deferred tax	<u>1</u>	<u>(7)</u>
Taxation on profit on ordinary activities	<u>401</u>	<u>470</u>

Northumberland Waste Management Limited

Notes to the financial statements For the Year Ended 31 December 2020

10. Taxation (continued)

Factors affecting tax charge for the year

The tax assessed for the year is higher than (2019 - *higher than*) the standard rate of corporation tax in the UK of 19% (2019 - 19%). The differences are explained below:

	2020 £000	2019 £000
Profit on ordinary activities before tax	1,779	2,203
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2019 - 19%)	338	419
Effects of:		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	76	55
Adjustments to tax charge in respect of prior periods	13	(4)
Remeasurement of deferred tax for changes in tax rates	(26)	-
Total tax charge for the year	401	470

Factors that may affect future tax charges

The increase to the UK corporation tax rate from 19% to 25% was substantively enacted on 24 May 2021 and will be effective from 1 April 2023. The change had not been substantively enacted at the balance sheet date and, therefore, is not recognised in these financial statements.

The estimated impact of the rate change is an increase to the net Deferred Tax asset of £74,000 with a credit to the income statement of £74,000.

Northumberland Waste Management Limited

**Notes to the financial statements
For the Year Ended 31 December 2020**

11. Tangible fixed assets

	Land & Buildings £000	Plant & machinery £000	Motor vehicles £000	Assets under construction £000	Total £000
Cost or valuation					
At 1 January 2020	16,037	7,569	63	191	23,860
Additions	5	98	-	965	1,068
Transfers between classes	45	134	-	(179)	-
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 31 December 2020	16,087	7,801	63	977	24,928
Depreciation					
At 1 January 2020	14,215	6,420	62	-	20,697
Charge for the year on owned assets	613	235	-	-	848
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 31 December 2020	14,828	6,655	62	-	21,545
Net book value					
At 31 December 2020	<hr/> 1,259 <hr/>	<hr/> 1,146 <hr/>	<hr/> 1 <hr/>	<hr/> 977 <hr/>	<hr/> 3,383 <hr/>
At 31 December 2019	<hr/> 1,822 <hr/>	<hr/> 1,149 <hr/>	<hr/> 1 <hr/>	<hr/> 191 <hr/>	<hr/> 3,163 <hr/>

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 2020 is as follows:

	Land and buildings £000
At cost	12,574
At valuation:	
1998 by directors on open market existing use basis	3,513
	<hr/> 16,087 <hr/>

Northumberland Waste Management Limited

Notes to the financial statements For the Year Ended 31 December 2020

11. 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:

	2020 £000	2019 £000
Cost	12,574	12,524
Accumulated depreciation	(11,795)	(11,196)
Net book value	779	1,328

12. 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 2020.

13. Stocks

	2020 £000	2019 £000
Raw materials and consumables	5	-
	5	-

In the year ended 31 December 2020 £177,000 (2019: £293,000) was the amount of inventory recognised as an expense. £nil has been written down in the year (2019: £nil)

The difference between purchase price of stock and their replacement costs is not material.

14. Debtors

	2020 £000	2019 £000
Amounts owed by group undertakings	34,302	33,196
Prepayments	68	31
Contract assets	1,362	967
Deferred taxation	236	237
	35,968	34,431

All amounts fall due within one year.

Northumberland Waste Management Limited

**Notes to the financial statements
For the Year Ended 31 December 2020**

15. Creditors: Amounts falling due within one year

	2020	2019
	£000	£000
Corporation tax	400	475
Other taxation and social security	672	383
Accruals	336	328
	1,408	1,186

16. Financial instruments

	2020	2019
	£000	£000
Financial assets		
Financial assets that are debt instruments measured at amortised cost	35,664	34,163
Financial liabilities		
Financial liabilities measured at amortised cost	(336)	(328)

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

Financial liabilities measured at amortised cost comprise accruals.

Northumberland Waste Management Limited

Notes to the financial statements For the Year Ended 31 December 2020

17. Deferred taxation

	2020 £000	2019 £000
At beginning of year	237	230
Credited/(charged) to the profit or loss	(1)	7
At end of year	236	237

The deferred tax asset is made up as follows:

	2020 £000	2019 £000
Accelerated capital allowances	124	168
Other timing differences	112	69
	236	237

18. Provisions

	Environment al and landfill costs £000
At 1 January 2020	2,307
Charged to profit or loss	(116)
Change in discount rate	153
Unwind of discount	139
Utilised in year	(14)
At 31 December 2020	2,469

Environmental and landfill costs

The provision for environmental and landfill costs has been calculated in accordance with the accounting policy set out in note 2.13. 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.

Northumberland Waste Management Limited

Notes to the financial statements For the Year Ended 31 December 2020

19. Share capital

	2020 £000	2019 £000
Allotted, called up and fully paid		
1,300,002 (2019 - 1,300,002) ordinary shares of £1.00 each	<u>1,300</u>	<u>1,300</u>

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

20. 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.

21. 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 £25,000 (2019 - £28,000).

22. Post balance sheet events

Since the balance sheet date SUEZ and Veolia boards have announced that they had reached a final agreement on the details of a takeover which includes SUEZ subsidiaries in the UK, including the Company, forming part of Veolia. The agreement was ratified at the SUEZ Annual General Meeting on 30 June 2021. This has been treated as a non adjusting post balance sheet event.

23. 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.