Company Registration No. 02666323

Derbyshire Waste Limited

Annual report and financial statements

for the year ended 31 December 2017

Derbyshire Waste Limited

Annual report and financial statements 2017

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Derbyshire Waste Limited

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Officers and professional advisers

Directors

P Taylor
V F Orts-Llopis
A Serrano Minchan

Company Secretary

C Nunn

Registered Office

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

Auditor

Deloitte LLP
Statutory Auditor
2 New Street Square
London
EC4A 3BZ
United Kingdom

Derbyshire Waste Limited

Directors' report

The Directors present their annual report and the audited financial statements of Derbyshire Waste Limited ("the Company") for the year ended 31 December 2017.

Principal activity

The principal activity of the Company during the year ended 31 December 2017 was the handling, recycling and disposal of waste materials.

Directors

The Directors who served during the year ended 31 December 2017 and up to the date of this report were as follows:

P Taylor
V F Orts-Llopis
A Serrano Minchan

Results and dividends

The results for the Company for the year ended 31 December 2017 are set out on page 7. The loss for the financial year amounted to £2.4million (2016: £0.9million). The Company did not pay an interim dividend during the year (2016: £nil) and furthermore, the Directors do not recommend the payment of a final dividend (2016: £nil). The loss (2016: loss) for the financial year has been withdrawn from (2016: withdrawn from) reserves, contributing to an increase (2016: increase) in total shareholder's deficit in the year.

The Company's immediate parent company, FCC Environment (UK) Limited ("FCC E UK") manages its operations on a divisional basis and information regarding key performance indicators is included within the FCC E UK annual report. For this reason, the Company's Directors believe that the disclosure of further financial and non-financial key performance indicators for the Company is not appropriate for an understanding of the development, performance or position of the business. Copies of the FCC E UK annual report can be obtained from the address in note 19.

Going concern

The Directors continue to adopt the going concern basis in preparing the Directors' report and financial statements. Full details of the going concern considerations can be found in note 2 of the notes to the financial statements.

Directors' indemnities

During the financial year, qualifying third party indemnity provisions for the benefit of all Directors of the Company were in force and continue to be in force at the date of this report. Such provisions were made by the Company's ultimate parent undertaking, Fomento de Construcciones y Contratas, S.A. ("FCC").

Financial risk management

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

Liquidity and credit risk

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

Derbyshire Waste Limited

Directors' report

Directors' responsibilities statement

The Directors are responsible for preparing the Annual report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including FRS 101 "Reduced Disclosure Framework".

Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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

Auditor

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

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

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

Pursuant to section 487 of the Act, the auditor will be deemed to be reappointed annually by the Company and Deloitte LLP will therefore continue in office until further notice.

Small companies exemption

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

Approved by the Board and signed on its behalf by:

C Nunn
Company Secretary
30 August 2018

Derbyshire Waste Limited

Independent auditor's report to the members of Derbyshire Waste Limited

Report on the audit of the financial statements

Opinion

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2017 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice including Financial Reporting Standard 101 "Reduced Disclosure Framework"; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements of Derbyshire Waste Limited (the 'company') which comprise:

- the statement of comprehensive income and expense;
- the balance sheet;
- the statement of changes in equity; and
- the related notes 1 to 19.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 101 "Reduced Disclosure Framework" (United Kingdom Generally Accepted Accounting Practice).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs(UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

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

We have nothing to report in respect of these matters.

Derbyshire Waste Limited

Independent auditor's report to the members of Derbyshire Waste Limited

Other information

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

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

We have nothing to report in respect of these matters.

Responsibilities of directors

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

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

Auditor's responsibilities for the audit of the financial statements

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

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

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Derbyshire Waste Limited

Independent auditor's report
to the members of Derbyshire Waste Limited

Report on other legal and regulatory requirements

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

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

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified any material misstatements in the directors' report.

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required to report in respect of the following matters if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the directors were not entitled to take advantage of the small companies' exemptions in preparing the Directors' report and from the requirement to prepare a strategic report.

We have nothing to report in respect of these matters.

Makhan Chahal (Senior statutory auditor)
For and on behalf of Deloitte LLP
Statutory Auditor
London, United Kingdom
4 September 2018

Derbyshire Waste Limited

Statement of comprehensive income and expense
For the year ended 31 December 2017

	Notes	2017 £'000	2016 £'000
Turnover	4	**5,912**	5,672
Cost of sales		**(7,563)**	(6,095)
Gross loss		**(1,651)**	(423)
Administrative expenses		**(247)**	(281)
Operating loss		**(1,898)**	(704)
Interest payable and similar charges	8	**(502)**	(221)
Loss before taxation	5	**(2,400)**	(925)
Tax on loss	9	**-**	-
Loss for the financial year		**(2,400)**	(925)
Other comprehensive result for the year, net of tax		**-**	-
Total comprehensive expense for the year		**(2,400)**	(925)

All results in the year ended 31 December 2017 relate to continuing operations.

The notes on pages 10 to 20 are an integral part of these financial statements.

Derbyshire Waste Limited

Balance sheet
As at 31 December 2017

	Note	2017 £'000	2016 £'000
Fixed assets			
Tangible assets	10	-	-
Current assets			
Debtors: amounts due within one year	11	**4,811**	4,672
Debtors: amounts due after more than one year	11	**18**	18
		4,829	4,690
Creditors: amounts falling due within one year	12	**(362)**	(2,216)
Net current assets and total assets less current liabilities		**4,467**	2,474
Provisions for liabilities	13	**(6,665)**	(4,610)
Net liabilities		**(2,198)**	(2,136)
Capital and reserves			
Called-up share capital	14	**1,251**	1,251
Capital contribution reserve		**2,338**	-
Profit and loss account		**(5,787)**	(3,387)
Shareholder's deficit		**(2,198)**	(2,136)

The notes on pages 10 to 20 are an integral part of these financial statements.

The financial statements of Derbyshire Waste Limited, registered number 02666323 were approved by the Board of Directors and authorised for issue on 30 August 2018. They were signed on its behalf by:

V F Orts-Llopis
Director

Derbyshire Waste Limited

Statement of changes in equity
For the year ended 31 December 2017

	Called-up share capital £'000	Capital contribution reserve £'000	Profit and loss account £'000	Total £'000
Year ended 31 December 2017				
At 1 January 2017	1,251	-	(3,387)	(2,136)
Loss for the year and total comprehensive expense	-	-	(2,400)	(2,400)
Capital contribution	-	2,338	-	2,338
At 31 December 2017	**1,251**	**2,338**	**(5,787)**	**(2,198)**
Year ended 31 December 2016				
At 1 January 2016	1,251	-	(2,462)	(1,211)
Loss for the year and total comprehensive expense	-	-	(925)	(925)
At 31 December 2016	**1,251**	**-**	**(3,387)**	**(2,136)**

Notes to the financial statements
For the year ended 31 December 2017

1. **Corporate information**

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

2. **Accounting policies**

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

General information and basis of accounting

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

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

Exemptions for qualifying entities under FRS 101

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

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

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

Derbyshire Waste Limited

Notes to the financial statements
For the year ended 31 December 2017

2. Accounting policies (continued)

Amendments to IFRSs that are mandatorily effective for the current year

In the current year, the Group has applied a number of amendments to IFRSs issued by the International Accounting Standards Board (IASB) that are mandatorily effective for an accounting period that begins on or after 1 January 2017. Their adoption has not had any material impact on the disclosures or on the amounts reported in these financial statements.

- Amendments to IAS 7 (January 2016) – Disclosure initiative
- Amendments to IAS 12 (January 2016) – Recognition of deferred tax for unrealised losses
- Annual Improvements to IFRSs 2014 - 2016 Cycle (December 2016) (IFRS 12 Amendments)

New international accounting standards and interpretations not yet adopted

At the date of authorisation of these financial statements, the following new or amended IFRS accounting standards and interpretations, which have not yet been adopted by the Group, were in issue but not yet effective (and in some cases had not yet been adopted by the EU):

- IFRS 9 – Financial Instruments
- IFRS 15 – Revenue from Contracts with Customers
- IFRS 16 – Leases
- IFRIC 22 – Foreign Currency Transactions and Advance Consideration
- IFRIC 23 – Uncertainty Over Income Tax Treatments
- Annual Improvements to IFRSs 2014 - 2016 Cycle (December 2016) (IFRS 1 and IAS 28 Amendments)
- Annual Improvements to IFRSs 2015-2017 Cycle (December 2017)
- Amendments to IFRS 10 and IAS 28 (September 2014) – Sale or contribution of assets between an investor and its associate or joint venture
- Amendments to IAS 28 (October 2017) – Long term interests in associates and joint ventures
- Amendments to IAS 19 (February 2018) – Plan amendment, curtailment and settlement

The Directors do not expect that the adoption of the aforementioned standards and interpretations will have a material impact on the financial statements of the Company in future periods.

Going concern

At 31 December 2017 the Company had net current assets of £4.5million and net liabilities of £2.2million. The Directors, having assessed the responses of their enquiries to the immediate parent company, FCC E UK, have reviewed projected cash flows and carefully considered the risks to the Company's trading performance and cash flows, and continue to adopt the going concern basis in preparing the Annual report and financial statements.

Notes to the financial statements
For the year ended 31 December 2017

2. Accounting policies (continued)

Tangible fixed assets

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

Landfill sites	-	based on the void used in the period as a proportion of total void
Land and buildings	-	over 25 to 50 years
Plant and machinery	-	over 3 to 20 years

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

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

Provisions

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

Decommissioning and aftercare costs

Full provision is made for the net present value ("NPV") of the Company's projected costs, in respect of decommissioning liabilities at the Company's landfill sites, which have been capitalised in tangible fixed assets. The Company provides for all projected aftercare costs over the life of its landfill sites, based on the volumes of waste deposited in the year, since liabilities in relation to these costs arise as waste is deposited.

All long term provisions for decommissioning and aftercare costs are calculated based on the NPV of estimated future costs. Current cost estimates are inflated at 2.5% and discounted at 5.0% to calculate the NPV.

Turnover

Turnover, including landfill tax, is stated net of VAT and trade discounts and is recognised when the significant risks and rewards are considered to have been transferred to the buyer. Turnover from the supply of services represents the value of services provided under contracts to the extent that there is a right to consideration and is recorded at the fair value of the consideration received or receivable. Turnover is recognised in respect of waste disposal services when the waste has been received and disposed of. Where payments are received from customers in advance of services provided, the amounts are recorded as deferred income and included as part of creditors due within one year.

2. **Accounting policies (continued)**

Employee benefits

The Group operates a pension scheme providing benefits based on final pensionable pay. The assets of the scheme are held separately from those of the Company. The Company is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis and therefore, as required by IAS 19, accounts for the scheme as if it were a defined contribution scheme. As a result, the amount charged to the profit and loss account represents the contributions payable to the scheme in respect of the accounting year.

The Company also operates a defined contribution scheme on behalf of its eligible employees. Contributions to the scheme are charged to the profit and loss account for the year in which they are payable. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments in the balance sheet.

Operating leases

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

Taxation

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

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

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

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

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

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

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

2. Accounting policies (continued)

Taxation (continued)

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

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

3. Critical accounting judgements and key sources of estimation uncertainty

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

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

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

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

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

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

An annual inflation rate of 2.0% has been assumed over the period of cost relating to the provisions and the provisions have been discounted at 4.2%. See note 13 for further disclosures relating to the provisions.

4. Turnover

All turnover was generated in the United Kingdom principally from the disposal of domestic and commercial waste, and management of household waste recycling centres.

Notes to the financial statements
For the year ended 31 December 2017

5. Loss before taxation

Loss before taxation is stated after charging:

	2017	2016
	£'000	£'000
Increase in environmental provisions on revision of estimate of future costs (included within provisions charge)	**2,105**	255
Depreciation of tangible fixed assets - owned	**5**	-
Operating lease rentals	**87**	84

Auditor's remuneration in respect of audit fees totalling £5,000 (2016: £5,000) has been met by FCC Recycling (UK) Limited, a fellow subsidiary undertaking of FCC E UK.

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

6. Staff costs

The average monthly number of employees (including executive directors) employed by the Company during the year was:

	2017	2016
	Number	Number
Operational	**6**	6

Their aggregate remuneration comprised:

	2017	2016
	£'000	£'000
Wages and salaries	**138**	137
Social security costs	**16**	16
Other pension costs (see note 16)	**8**	4
	162	157

7. Directors' remuneration and transactions

None of the Directors received any remuneration or other benefits through the Company during the year ended 31 December 2017 or the previous financial year.

They are all remunerated as directors or employees of FCC E UK for services to the Group as a whole and as such it is not possible to directly attribute any element of their remuneration to services as a director of this Company. The Directors received total remuneration of £637,000 for services to the Group as a whole in the year ended 31 December 2017 (2016: £578,000). Certain Directors were remunerated by fellow subsidiary companies of FCC without recharge to the Group.

Notes to the financial statements
For the year ended 31 December 2017

8. Interest payable and similar charges

	2017	2016
	£'000	£'000
Unwinding of discount (see note 13)	**502**	221

9. Tax on loss

The tax position comprises:

	2017	2016
	£'000	£'000
Current tax		
United Kingdom corporation tax at 19.25% (2016: 20.00%) based on loss for the year	-	-
Total current tax	-	-
Deferred tax		
Origination and reversal of timing differences	-	-
Total deferred tax (see note 13)	-	-
Tax on loss	-	-

Finance Act 2016, which was substantively enacted in September 2016, included provisions to reduce the rate of corporation tax to 19% with effect from 1 April 2017 and 17% from 1 April 2020.

The total tax position for both the current and previous year differs from the average standard rate of 19.25% (2016: 20.00%) for the reasons set out in the following reconciliation:

	2017	2016
	£'000	£'000
Loss before tax	(2,400)	(925)
Loss at average standard rate	(462)	(185)
Effects of:		
Expenses not deductible for tax	20	58
Group relief surrendered	442	127
Total tax position	-	-

Notes to the financial statements
For the year ended 31 December 2017

10. Tangible fixed assets

	Landfill sites £'000	Land and buildings £'000	Plant and machinery £'000	Total £'000
Cost				
At 1 January 2017	8,929	1,060	690	10,679
Additions	5	-	-	5
At 31 December 2017	8,934	1,060	690	10,684
Depreciation				
At 1 January 2017	8,929	1,060	690	10,679
Charge for the year	5	-	-	5
At 31 December 2017	8,934	1,060	690	10,684
Net book value				
At 31 December 2017 and At 31 December 2016	-	-	-	-

11. Debtors

	2017 £'000	2016 £'000
Amounts due within one year:		
Trade debtors	**667**	79
Amounts owed by fellow subsidiary undertakings	**4,123**	4,571
Other debtors and prepayments	**21**	22
	4,811	4,672
Amounts due after more than one year:		
Amounts prepaid to fellow subsidiary undertaking	**18**	18
	18	18
	4,829	4,690

Amounts due from fellow subsidiary undertakings within one year are unsecured, interest free and are repayable on demand.

Notes to the financial statements
For the year ended 31 December 2017

12. Creditors: amounts falling due within one year

	2017 £'000	2016 £'000
Trade creditors	**20**	67
Accruals	**100**	88
Amounts owed to fellow subsidiary undertakings	**242**	2,061
	362	2,216

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

13. Provisions for liabilities

	Other £'000	Decommissioning £'000	Landfill aftercare £'000	Total £'000
At 1 January 2017	736	18	3,856	4,610
Charged to profit and loss account	173	-	1,828	2,001
New provisions capitalised in tangible fixed assets	5	-	-	5
Unwinding of discount (note 8)	31	4	467	502
Expended in year	(143)	-	(310)	(453)
At 31 December 2017	**802**	**22**	**5,841**	**6,665**

Decommissioning and landfill aftercare
The Group provides for the estimated cost of decommissioning its landfill sites at the end of their operational life and for their subsequent aftercare. The aftercare period is generally expected to be 60 years and expenditure will be incurred throughout this 60 year period. These provisions are discounted at a rate of 4.2% (2016: 5.0%) from the date on which the expenditure is expected to occur. These provisions by their nature require a significant degree of estimation and hence there is a degree of uncertainty with regards to the timing and amount of outflows of economic benefit.

Other provisions
Other provisions include the estimated cost of discharging environmental liabilities, including current capping of open landfill areas and the disposal of leachate, which arise during the operational phase of its landfill sites. Capping expenditure occurs as landfill cells are completed, whilst expenditure on the disposal of leachate occurs throughout the lifecycle of a landfill site.

Deferred tax

	Unprovided 2017 £'000	2016 £'000
Depreciation in excess of capital allowances	**(12)**	(14)
Short term timing differences	**(125)**	(125)
	(137)	(139)

The Company has unprovided deferred tax assets as there is insufficient certainty as to whether events will materialise to crystallise the deferred tax.

Notes to the financial statements
For the year ended 31 December 2017

14. Called-up share capital and reserves

	2017	2016
	£'000	£'000
Allotted, called-up and fully-paid		
125,126,500 Ordinary shares of £0.01 each	**1,251**	1,251

Profit and loss account

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

Capital contribution reserve

The capital contribution reserve comprises capital amounts introduced by the Company's shareholders in return for neither debt nor share capital.

15. Operating lease commitments

Total future minimum lease payments under non-cancellable operating leases are as follows:

	2017	2016
	£'000	£'000
Not later than one year	**136**	136
Later than one year and not later than five years	**527**	527
Later than five years	**4,835**	4,964
	5,498	5,627

16. Retirement benefit schemes

The Company participates in the defined contribution scheme operated by FCC E UK on behalf of its eligible employees. The assets of the scheme are held separately from those of the Company in independently administered funds.

Defined benefit schemes

Certain employees of the Company are members of the Citrus Pension Scheme (formerly LAWDC) in which FCC E UK is a participating employer. This is a defined benefit multi-employer scheme, the assets of which are held independently of the Group. The Company is unable to identify its share of the underlying assets and liabilities of the scheme. Further details regarding the scheme are provided in the financial statements of FCC E UK.

Contributions to the scheme for the year are stated below. The agreed contribution rate which commenced from June 2017 is equivalent to 24% of pensionable member salaries per month. In addition, FCC E UK has agreed with the scheme trustee to pay an additional annual contribution of £1,050,000 until 2026 to meet the ongoing funding of the scheme.

An actuarial valuation of the scheme at 31 March 2015 indicated that the scheme was 72% funded based upon the minimum funding requirement basis. At 31 December 2017 the deficit on the FCC E UK section of the Citrus scheme, calculated on an FRS 17 basis, was £5,259,000 (2016: £6,161,000). There were no outstanding or prepaid contributions at either the beginning or end of the financial year.

Notes to the financial statements
For the year ended 31 December 2017

16. Retirement benefit schemes (continued)

The contributions made by the Company under the different schemes during the year were as follows:

	2017	2016
	£'000	£'000
Defined contribution schemes	**4**	4
Citrus defined benefit multi-employer pension scheme	**4**	-
	8	4

17. Contingent liabilities

(a) The Company is a member of a group VAT registration and as such has contingent liabilities for VAT in respect of other members of the Group.

(b) On 22 January 2014, the Company was a party to the refinancing of Azincourt Investment S.L. ("Azincourt") and its subsidiary companies. Azincourt was the company used by Fomento de Construcciones y Contratas, S.A. for the acquisition of the Group and its subsidiary undertakings including the Company. Under the re-financing, the Group has granted legal mortgages (or the relevant Scottish equivalent) over specified real property, fixed charges over certain assets, fixed charges or share pledges over investments in addition to assigning certain of its insurance policies and interests in hedging arrangements. The Group has granted floating charges over all present and future undertakings not already charged pursuant to any of the above. Additionally, the Group has granted fixed and floating charges over certain assets as security under an Asset Backed Lending Facility.

(c) The Group must comply with the Environment Agency's financial provisioning requirements for its landfill sites in England and Wales, which is satisfied by providing financial security bonds. The total value of the bonds issued for this financial provisioning requirement at 31 December 2017 was £99.0million (2016: £102.7million) of which £1.3million (2016: £1.3million) related to the Company.

18. Related party transactions

The Directors regard all subsidiaries of FCC as related parties. In the ordinary course of business, the Company has traded with fellow subsidiaries of FCC.

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

19. Controlling party

The immediate parent of the Company is FCC Environment (UK) Limited, a company registered in England and Wales.

The Directors regard Fomento de Construcciones y Contratas, S.A., a company registered in Spain, as the ultimate parent company and controlling party.

Fomento de Construcciones y Contratas, S.A. is the parent company of the largest group of which the Company is a member and for which group financial statements are drawn up. FCC Environment (UK) Limited is the parent company of the smallest group of which the Company is a member and for which group financial statements are drawn up. Copies of the financial statements of both FCC Environment (UK) Limited and Fomento de Construcciones y Contratas, S.A. are available from the Company Secretary, Ground Floor West, 900 Pavilion Drive, Northampton Business Park, Northampton, NN4 7RG.