

**Company Registration No. 02674169**

**WasteNotts (Reclamation) Limited**

**Report and Financial Statements**

**31 December 2012**



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# **WasteNotts (Reclamation) Limited**

## **Report and financial statements 2012**

<b>Contents</b>	<b>Page</b>
<b>Officers and professional advisers</b>	<b>1</b>
<b>Directors' report</b>	<b>2</b>
<b>Directors' responsibilities statement</b>	<b>8</b>
<b>Independent auditor's report to the members of WasteNotts (Reclamation) Limited</b>	<b>9</b>
<b>Profit and loss account</b>	<b>10</b>
<b>Balance sheet</b>	<b>11</b>
<b>Notes to the financial statements</b>	<b>12</b>

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# **WasteNotts (Reclamation) Limited**

## **Report and financial statements 2012**

### **Officers and professional advisers**

#### **Directors**

P Taylor  
V F Orts-Llopis

#### **Company Secretary**

C Nunn

#### **Registered Office**

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

#### **Auditor**

Deloitte LLP  
2 New Street Square  
London  
EC4A 3BZ

# WasteNotts (Reclamation) Limited

## Directors' report

The Directors of WasteNotts (Reclamation) Limited (the "Company") present their report and audited financial statements for the year ended 31 December 2012

### Principal activity

The principal activity during the year ended 31 December 2012 was waste disposal by incineration and the provision of steam for district heating and power generation

The activities, strategies and risks affecting the Company are inextricably similar to, and dependent upon, those of its ultimate UK-domiciled parent company FCC Environment (UK) Limited ("FCC E UK") and FCC E UK's subsidiary undertakings (together the "Group"), and consequently it is appropriate that the following narrative applies to the Group in its entirety

The Group is a key player within the municipal waste management sector, with over 60 Local Authority clients across England, Wales and Scotland

The Group provides a diverse range of cost effective and sustainable waste processing, recycling, treatment, disposal and energy recovery services for Local Authority and private commercial customers. During 2012, the Group received, treated, recycled and disposed of 8.1 million (2011: 8.6 million) tonnes of household, commercial and industrial waste and managed around 200 waste management facilities. Through innovative solutions, backed by a passion for excellent customer service, the Group is committed to working with its Local Authority partners and industrial and commercial customers to respond to often complex and far-reaching waste management strategies, to meet the challenges of increased regulation from the UK and EU, and to improve upon waste management targets

The Company undertakes activities in the following divisions of FCC E UK -

- Green Energy+ Division – which manages Energy from Waste ("EfW") plants at Eastcroft in Nottingham (producing steam for the UK's largest district heating scheme) and at Allington in Kent (producing electricity for export). Green Energy+ is also involved in the planning for, or the construction of, a number of new EfW facilities in the UK following contract awards from Local Authorities

### Overview of the Group

The Company is a subsidiary of FCC E UK and its ultimate parent is Fomento de Construcciones y Contratas, S.A. ("FCC"). FCC is a significant multi-national business listed on the Madrid stock exchange with operations in Europe, South and Central America, Africa, the Middle East and the United States of America. FCC's principal activities cover Environmental Services (including waste management), Construction, and Infrastructure.

FCC's substantial financial strength and depth of experience in the European waste infrastructure sector is backed by over 100 years of experience in operating municipal services contracts. This complements the Group's position as a leading waste management, recycling and renewable energy business and its ambition to maintain its position as a significant player in establishing the next generation of waste treatment infrastructure in the UK. The core services provided by the Group are fully aligned with FCC's strategic growth plans and it is ideally placed to take advantage of local opportunities to provide the services and infrastructure required by the United Kingdom to meet the European Waste Framework Directive, 50% of all municipal waste will have to be recycled by 2020 and the European Union's target that 20% of all energy consumed should be from a renewable source by 2020. The Directors continue to look forward to the opportunities that are presented to the Group and its employees by virtue of FCC's plans to expand and embed its operations in the UK.

# WasteNotts (Reclamation) Limited

## Directors' report (continued)

### Overview of the Group (continued)

The Directors see the development of major waste infrastructure to support sustainable waste management and strategic long-term partnerships as key to the Group's future business growth. It anticipates considerable activity and deployment of Group resources into recycling facilities, renewable energy projects, major Private Finance Initiative ("PFI") and Public Private Partnership ("PPP") schemes, the development of innovative waste treatment solutions and the provision of regional facilities. The Directors remain of the view that EfW will be a key component of some regional waste strategies and, in combination with other treatment, recycling and recovery operations, backed up by landfill disposal for residues, this strategy represents a long-term sustainable solution for meeting its clients' diversion targets.

### Business review

The Directors consider that the business performed satisfactorily during 2012 against a backdrop of the difficult and ongoing market conditions seen in recent years.

Commentary on the Company's results is set out in the Results, dividends and key performance indicators section.

### Principal risks and uncertainties

Operating in the UK's highly regulated waste management market presents numerous risks and uncertainties to the Group. In response, FCC E UK has appointed a Risk Committee that actively monitors the key risks that impact the Group including the compilation of a comprehensive risk register. The Directors regard the following to be the principal risks and uncertainties affecting the Group and their approach to managing these risks and uncertainties is considered below.

- **Health and safety** Health and safety is a key issue for the Group due to the nature of its operations, including the use of heavy plant equipment and difficult working conditions. The Group is continually improving in this area as a result of ongoing consultation with the relevant authorities and the monitoring of best practice initiatives. Whenever an area is highlighted for improvement, the Group seeks to implement such improvement expeditiously, through bulletins, on-line training courses and tool-box briefings. The Group's Incident Review Panel meets quarterly, at which senior management review significant health and safety incidents that have occurred at FCC E UK sites to identify improvements and lessons for the business. All employees undertake a rigorous health and safety training programme, which is underpinned by the latest UK legislation, detailed policies and procedures. The Group's executive management receive regular, detailed reports on health and safety performance affecting the Group's operations and it employs a dedicated team, led by the Group Health, Safety, Environment and Quality Manager, to monitor and promote high standards. All employees are expected to recognise their role in achieving acceptable standards of health and safety and to exhibit such understanding through their approach and attitude to work.
- **Environmental risks:** The Group's operations are tightly controlled under environmental legislation enforced principally by the Environment Agency ("EA") and the Scottish Environment Protection Agency ("SEPA"). Compliance with all environmental legislation pertinent to the Group's activities is a minimum requirement. A dedicated in-house team prepare regular reports on environmental compliance at the Group's sites for the Directors' review. The Group has adopted a formal environmental policy, which was last reviewed in 2012 and there are detailed environmental procedures to enable compliance with environmental legislation.
- **Business continuity.** The Group, as part of its risk management programme, has developed business continuity planning for its operations. As part of this planning the Group has developed a bespoke emergency plan for each operational facility (including the diversion of waste from single or multiple sites in the event of major disruption or disaster affecting a site or region). FCC E UK's IT systems are outsourced to a specialist IT services company and are covered by an IT disaster recovery plan, to ensure business continuity. The Group is working on the development of a new business continuity plan under the control of FCC E UK's Integrated Management System that will be designed around the British Standard 25999.

## WasteNotts (Reclamation) Limited

### Directors' report (continued)

#### Principal risks and uncertainties (continued)

- **Legislation** The Group monitors forthcoming and current legislation to ensure full compliance and to anticipate and assess the impact upon its operations, including the significant opportunities it can present. The waste management industry is subject to extensive government regulation which has a substantial impact on the Group's business, FCC E UK therefore actively lobbies for its interests at European, national and regional levels through trade associations and federations.
- **Litigation** The Group is subject to litigation from time to time. The outcome of legal action is always uncertain and there is a risk that it may prove more costly and time consuming than expected. There is also a risk that litigation could be instigated in the future that could materially impact the Group. In some liability cases legal expenses are covered by the Group's liability insurance. This risk is mitigated through continued monitoring and employing an experienced and dedicated in-house legal team.
- **Competitive risk** The Group operates in highly competitive markets in which competitors' service offerings may react faster to legislative and market dynamics than those of the Group. To mitigate this risk the Group ensures that its asset, cost and capital base is regularly reviewed and flexed to meet changes in customers' demands and to maximise cash generation.
- **Employees** The loss of key employees or the inability to hire experienced management personnel could have a materially adverse effect on the business. To manage this risk, succession planning for senior positions within the Group is undertaken. In addition, the Group has the benefit of being able to draw on wider resources from within FCC.
- **Technology** The Group relies on a variety of information technology platforms for the efficient delivery of its services and has therefore employed a structured IT Support team, using internal and external resources. In addition, there are a wide variety of technologies available to the waste management industry, there is a risk that the technologies employed by the Group might fail to deliver expected performance levels or end products for its customers and so FCC E UK has made a significant investment into establishing a dedicated technical and development team. This team review and assess the available technologies before any are adopted to ensure they will meet the needs of the business and that of its customers.

#### 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 credit and liquidity risk is reduced as it is a wholly owned subsidiary of FCC E UK and participates in a cash-pooling agreement with the other members of 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.

# **WasteNotts (Reclamation) Limited**

## **Directors' report (continued)**

### **Results, dividends and key performance indicators**

The results for the year ended 31 December 2012 are set out on page 10. The profit for the financial year ended 31 December 2012 amounted to £3.3 million (2011: £1.2 million). The Company did not pay an interim dividend during the year (2011: £nil) and furthermore, the Directors do not recommend the payment of a final dividend (2011: £nil). The profit (2011: profit) for the financial year has been transferred to (2011: transferred to) reserves, resulting in a corresponding increase (2011: increase) in total shareholders' funds in the year.

For the year ended 31 December 2012, turnover from continuing activities increased by 16.4% to £10.7 million (2011: £9.2 million) due to increased activity at the Eastcroft EfW facility during the year.

Operating profit in 2012 was £2.8 million (2011: £1.6 million). The result reflects the point highlighted above along with a series of one-off costs incurred due to the alteration of the operation and maintenance contract during 2011.

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 key performance indicators for the Company is not appropriate for an understanding of the development, performance or position of the business.

### **Future trends and developments**

As much reported, economic conditions during 2012 remained very difficult with the UK experiencing a double dip recession during the year. With demand depressed, prices for recycled materials continued to fall throughout 2012 and no significant improvement is anticipated during 2013. The Directors continue to monitor business trends, and to manage the Group's assets and cost structure in line with the evolving needs of the business and its customers.

### **Going concern**

The Directors, having assessed the responses of their enquiries to the immediate parent company FCC E UK, have reviewed projected cash flows and 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 1 of the notes to the financial statements.

### **Directors**

The following individuals served as directors of the Company during the year ended 31 December 2012 and up to the date of this report:

P Taylor  
V F Orts-Llopis

### **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 FCC.

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## **WasteNotts (Reclamation) Limited**

### **Directors' report (continued)**

#### **Employees**

The professionalism and commitment shown by the Group's employees over the last year has been a major contribution to its successful operation. The Directors would like to thank all employees for their hard work, dedication and loyalty during what has been another challenging and eventful year.

FCC E UK is committed to ensuring that its policies and practices reflect human resource best practice. The Group's policy of equal opportunity gives all employees the same chance to succeed, irrespective of age, race, nationality, ethnic origin, disability, membership of a trade union, sex or marital status. The Group has a structured training and development programme and is fully committed to ensuring that all employees have the necessary skills and knowledge to do their jobs effectively. Subject to the nature of its businesses in the waste management industry, the policy of the Group is to ensure that there are fair opportunities for the employment, career development and training of disabled persons.

The Directors are dedicated to maintaining the highest standards of honesty, openness and accountability and recognise that employees have an important part to play in achieving this goal. All employees are encouraged to report any concerns they may have over wrongdoing at work via the Group's internal reporting system. In addition, FCC E UK has engaged an independent confidential reporting (whistleblowing) service that employees can access should they feel uncomfortable in approaching management. Following implementation of the UK's Bribery Act, the Group has provided training to all employees regarding the procedures and practices in place within our business to prevent bribery and has issued an Anti-Fraud and Bribery Policy to which all employees must adhere.

Training continues to be a high priority for FCC E UK and it recognises that it is vital that its employees have the relevant skills to take up the new and exciting roles that are being created as the industry, and therefore the business, evolves.

The Directors recognise the importance of communication with employees and members of the executive management team regularly visit sites and discuss matters of current interest and concern to the business with staff. In addition, the executive management regularly report on the Group's successes and performance to the entire Group via a monthly brief delivered by local management and announcements on the Group Intranet. An in-house magazine is also published on a regular basis.

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

The Directors who held office at the date of approval of this Directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditor is unaware, and each Director has taken all the steps that he ought to have taken as a Director to make himself 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 section 418 of the Companies Act 2006 ("the Act").



## **WasteNotts (Reclamation) Limited**

### **Directors' report (continued)**

#### **Auditor**

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

Approved by the Board of Directors  
and signed on its behalf by

A handwritten signature in black ink, appearing to be 'C Nunn', with a stylized, flowing script.

**C Nunn**  
Company Secretary  
12 June 2013

## **WasteNotts (Reclamation) Limited**

### **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)

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

- select suitable accounting policies and then apply them consistently,
- make judgements and 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, and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions 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

Under applicable law and regulations, the Directors are also responsible for preparing a Directors' report that complies with that law and those regulations

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

## **Independent auditor's report to the members of WasteNotts (Reclamation) Limited**

We have audited the financial statements of WasteNotts (Reclamation) Limited for the year ended 31 December 2012, which comprise of the profit and loss account, the balance sheet 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 (United Kingdom Generally Accepted Accounting Practice).

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.

### **Respective responsibilities of directors and auditor**

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

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

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the Company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the Directors, and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implication of our report.

### **Opinion on financial statements**

In our opinion the financial statements

- give a true and fair view of the state of the Company's affairs as at 31 December 2012 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.

### **Opinion on matters prescribed by the Companies Act 2006**

In our opinion the information in the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements.

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

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

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



Makhan Chahal (Senior Statutory Auditor)  
for and on behalf of Deloitte LLP  
Chartered Accountants and Statutory Auditor  
London, United Kingdom

17th June 2013

## WasteNotts (Reclamation) Limited

### Profit and loss account Year ended 31 December 2012

	Notes	2012 £'000	2011 £'000
Turnover	2	10,738	9,225
Cost of sales		(7,251)	(6,976)
<b>Gross profit</b>		<b>3,487</b>	<b>2,249</b>
Administrative expenses		(726)	(612)
<b>Operating profit</b>		<b>2,761</b>	<b>1,637</b>
Net interest receivable	5	-	5
<b>Profit on ordinary activities before taxation</b>	3	<b>2,761</b>	<b>1,642</b>
Tax credit/(charge) on profit on ordinary activities	6	540	(457)
<b>Profit for the financial year</b>	13	<b>3,301</b>	<b>1,185</b>

All results in the year ended 31 December 2012 relate to continuing operations

There are no recognised gains and losses in either the financial year ended 31 December 2012 or the previous financial year other than as stated in the profit and loss account. Therefore, no separate statement of total recognised gains and losses has been presented.

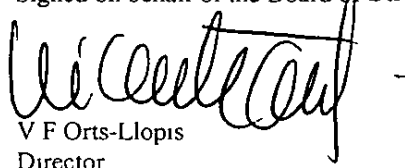
## WasteNotts (Reclamation) Limited

### Balance sheet at 31 December 2012

	Notes	2012 £'000	2011 £'000
<b>Fixed assets</b>			
Tangible assets	7	21,882	22,085
<b>Current assets</b>			
Debtors amounts falling due within one year	8	19,420	16,665
Creditors' amounts falling due within one year	9	(4,254)	(4,194)
<b>Net current assets</b>		15,166	12,471
<b>Total assets less current liabilities</b>		37,048	34,556
Creditors amounts falling due after more than one year	10	(16,604)	(16,873)
<b>Provisions for liabilities</b>			
Deferred taxation	11	(1,886)	(2,426)
<b>Net assets</b>		18,558	15,257
<b>Capital and reserves</b>			
Called up share capital	12	6,296	6,296
Profit and loss account	13	12,262	8,961
<b>Shareholders' funds</b>	14	18,558	15,257

The financial statements of WasteNotts (Reclamation) Limited, registered number 02674169 were approved by the Board of Directors on 12 June 2013

Signed on behalf of the Board of Directors

  
V F Orts-Llopis  
Director

# **WasteNotts (Reclamation) Limited**

## **Notes to the financial statements Year ended 31 December 2012**

### **1 Accounting policies**

These financial statements are prepared in accordance with applicable United Kingdom accounting standards

The following accounting policies have been applied consistently in both the current and previous financial year in dealing with items which are considered material in relation to the financial statements

#### **Accounting convention**

The financial statements are prepared under the historical cost convention

#### **Going concern**

The Directors, having assessed the responses of their enquiries to the immediate parent company, FCC E UK (and consequently FCC), have reviewed projected cash flows and continue to adopt the going concern basis in preparing the Directors' report and financial statements, despite the current uncertain economic outlook

#### **Cash flow statement**

The Company has taken advantage of the exemption, conferred by Financial Reporting Standard 1 (Revised) from presenting a cash flow statement as it is an indirect wholly owned subsidiary in a group which has prepared a consolidated cash flow statement

#### **Tangible fixed assets**

Tangible fixed assets are stated at cost. Depreciation is provided on tangible fixed assets in use at rates calculated to write off the cost less residual value of assets as follows

Freehold buildings	- over 25 to 50 years
Leased assets	- over the term of the lease
Plant and machinery	- over 3 to 20 years

No depreciation is provided for on freehold land

#### **Pensions**

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 FRS 17 'Retirement Benefits', 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 period.

The Group 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.

#### **Turnover**

Turnover is stated net of value added tax and trade discounts. 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 value of the consideration due. 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.

# **WasteNotts (Reclamation) Limited**

## **Notes to the financial statements Year ended 31 December 2012**

### **1 Accounting policies (continued)**

#### **Leases**

Assets held under finance leases, which confer rights and obligations similar to those attached to owned assets, are capitalised as tangible fixed assets and are depreciated over the shorter of the lease terms and their useful lives. The capital elements of future lease obligations are recorded as liabilities, while the interest elements are charged to the profit and loss account over the period of the leases to produce a constant rate of charge on the balance of capital repayments outstanding.

Operating lease rentals are charged to the profit and loss account on a straight-line basis over the lease term.

#### **Taxation**

Current tax, including UK corporation tax and foreign tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the Company's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

A net deferred tax asset is regarded as recoverable and therefore recognised only to the extent that, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is not recognised when fixed assets are revalued unless by the balance sheet date there is a binding agreement to sell the revalued assets and the gain or loss expected to arise on sale has been recognised in the financial statements. Neither is deferred tax recognised when fixed assets are sold and it is more likely than not that the taxable gain will be rolled over, being charged to tax only if and when the replacement assets are sold.

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax is measured on a non-discounted basis.

### **2. Turnover**

All turnover was generated in the United Kingdom principally from waste disposal by incineration and the provision of steam for district heating and power generation.

## WasteNotts (Reclamation) Limited

### Notes to the financial statements Year ended 31 December 2012

#### 3 Profit on ordinary activities before taxation

	2012 £'000	2011 £'000
<b>Profit on ordinary activities before taxation is after charging</b>		
Depreciation – owned assets	2,255	1,919
Depreciation – leased assets	-	252
Operating lease rentals – land and buildings	46	43
Operating lease rentals – plant and machinery	5	14

Auditor's remuneration in respect of audit fees totalling £5,000 (2011 £5,000) has been met by FCC Recycling (UK) Limited, a fellow subsidiary undertaking of FCC E UK

#### 4 Information regarding Directors and employees

None of the Directors received any remuneration or other benefits through the Company during the year ended 31 December 2012 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

	2012 £'000	2011 £'000
Wages and salaries	186	135
Social security costs	20	14
Other pension costs	20	18
	<u>226</u>	<u>167</u>
	No	No
The average number of employees (excluding the Directors) during the year was	<u>6</u>	<u>4</u>

#### 5 Net interest receivable

	2012 £'000	2011 £'000
Finance lease interest receivable	<u>-</u>	<u>5</u>



## WasteNotts (Reclamation) Limited

### Notes to the financial statements Year ended 31 December 2012

#### 6 Tax on profit on ordinary activities

	2012 £'000	2011 £'000
<b>UK corporation tax</b>		
United Kingdom corporation tax at 24.5% (2011: 26.5%) based on profits for the year	-	-
Total current tax	-	-
<b>Deferred tax</b>		
Timing differences, origination and reversal (note 11)	(540)	457
Tax on profit on ordinary activities	<u>(540)</u>	<u>457</u>

The total current tax position for the current and prior year differs from the average standard rate of 24.5% (2011: 26.5%) for the reasons set out in the following reconciliation

	2012 £'000	2011 £'000
Profit on ordinary activities before taxation	<u>2,761</u>	<u>1,642</u>
Tax on profit on ordinary activities at average standard rate	676	435
Factors affecting charge		
Group loss relief claimed	(689)	(336)
Depreciation in excess of/(less than) capital allowances	<u>13</u>	<u>(99)</u>
Total current tax	<u>-</u>	<u>-</u>

A number of changes to the UK Corporation Tax system were announced in the March 2012 Budget Statement. The Finance Act 2012 enacted on 17 July 2012 included legislation to reduce the main rate of corporation tax from 26% to 24% from 1 April 2012 and a further reduction from 24% to 23% from 1 April 2013.

A further 2% reduction to the main rate to 21% from 1 April 2014 was announced in the Chancellor's 2012 Autumn statement which was reaffirmed in the 2013 Budget together with the announcement of a further 1% reduction to 20% from 1 April 2015. As these changes have not been substantively enacted at the balance sheet date they are not included in these financial statements.

## WasteNotts (Reclamation) Limited

### Notes to the financial statements Year ended 31 December 2012

#### 7 Tangible fixed assets

	Land and buildings £'000	Plant and machinery £'000	Total £'000
<b>Cost</b>			
At 1 January 2012	18,491	23,088	41,579
Additions	333	1,719	2,052
As at 31 December 2012	18,824	24,807	43,631
<b>Depreciation</b>			
At 1 January 2012	13,949	5,545	19,494
Charge for the year	880	1,375	2,255
As at 31 December 2012	14,829	6,920	21,749
<b>Net book value</b>			
At 31 December 2012	3,995	17,887	21,882
At 31 December 2011	4,542	17,543	22,085

The net book value of other property includes £nil (2011 £nil) in respect of assets held under finance leases. The depreciation charged on these assets during the year was £nil (2011 £0.3million). The finance lease under which the assets were secured was fulfilled on 30 April 2011 at which point the title to the assets, which had a net book value of £2.0million, was transferred to the Company.

#### 8 Debtors: amounts falling due within one year

	2012 £'000	2011 £'000
Trade debtors	276	282
Amounts due from fellow subsidiary undertakings	19,142	16,367
Prepayments	2	16
	<u>19,420</u>	<u>16,665</u>

#### 9 Creditors: amounts falling due within one year

	2012 £'000	2011 £'000
Trade creditors	40	28
Amounts owed to fellow subsidiary undertakings	2,690	2,760
Accruals	3	6
Deferred income	1,521	1,400
	<u>4,254</u>	<u>4,194</u>

# WasteNotts (Reclamation) Limited

## Notes to the financial statements Year ended 31 December 2012

### 10 Creditors amounts falling due after more than one year

	2012 £'000	2011 £'000
Deferred income	16,604	16,873
	<u>16,604</u>	<u>16,873</u>

### 11 Provisions for liabilities

#### Deferred taxation

	£'000
At 1 January 2012	2,426
Credited to profit and loss account	(540)
At 31 December 2012	<u>1,886</u>

	2012 £'000	2011 £'000
Capital allowances in excess of depreciation	1,886	2,426
	<u>1,886</u>	<u>2,426</u>

### 12. Called up share capital

	2012 £'000	2011 £'000
<i>Authorised</i>		
7,000,000 Ordinary shares of £1 each	7,000	7,000
<i>Called up, allotted and fully paid</i>		
6,295,500 Ordinary shares of £1 each	6,296	6,296
	<u>6,296</u>	<u>6,296</u>

# WasteNotts (Reclamation) Limited

## Notes to the financial statements Year ended 31 December 2012

### 13 Reserves

	Profit and loss account £'000
At 1 January 2012	8,961
Profit for the financial year	3,301
<b>At 31 December 2012</b>	<b>12,262</b>

### 14. Reconciliation of movements in shareholders' funds

	2012 £'000	2011 £'000
Profit for the financial year	3,301	1,185
Opening shareholders' funds	15,257	14,072
Closing shareholders' funds	18,558	15,257

### 15. Operating lease commitments

At 31 December the Company had annual commitments under non-cancellable operating leases as follows

	Land and buildings 2012 £'000	2011 £'000
Operating leases which expire Over five years	54	51

### 16 Pension contributions

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.

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 period are stated below. The agreed contribution rate on behalf of the Group which commenced from 1 July 2010 is fixed at £30,000 per month. In addition, FCC E UK has agreed with the scheme trustee to pay an additional annual contribution of £740,000 until 2025 to meet the ongoing funding of the scheme.

An actuarial valuation of the scheme at 31 March 2009 indicated that the scheme was 61% funded based upon the minimum funding requirement basis. At 31 December 2012 the deficit on the FCC E UK section of the Citrus scheme, calculated on an FRS 17 basis, was £4,848,000 (2011 £6,032,000). There were no outstanding or prepaid contributions at either the beginning or end of the financial year.

## WasteNotts (Reclamation) Limited

### Notes to the financial statements Year ended 31 December 2012

#### 16 Pension contributions (continued)

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

	2012 £'000	2011 £'000
Defined contribution scheme	15	13
Citrus defined benefit multi-employer pension scheme	5	5
	<u>20</u>	<u>18</u>

#### 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 21 December 2006, 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 Company acceded to the Facility Agreement as obligor and granted security by way of a fixed charge over the shares of the Company and all related distribution rights and a floating charge over its present and future business, undertaking and assets. The Company also agreed to advance funds to Azincourt under the Group's cash pooling arrangements for the purposes of, among other things, the repayment of principal, interest or other amounts under the Facility Agreement, or the payment of any other costs or expenses incurred by Azincourt directly or indirectly in connection with its acquisition of the Group. The Company also entered into a floating charge over all its present and future rights, title and interest to the cash pooling account and all amounts credited to it in its favour.
- 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 totalling £100.8million (2010: 96.7million). The Company is an indemnifying party to the bonds and therefore has contingent liabilities for environmental provisions in respect of other members of the Group.

#### 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.

The Company has taken advantage of the exemption conferred by FRS 8 from disclosing details of those transactions with other wholly owned subsidiaries of FCC.

## **WasteNotts (Reclamation) Limited**

### **Notes to the financial statements Year ended 31 December 2012**

#### **19 Ultimate parent company**

The immediate parent of the Company is FCC Recycling (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 Esther Koplowitz Romero de Juseu to be the ultimate 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 accounts 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 accounts 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