

Registered number: 02782456

SITA Security Shredding Limited

Directors' report and financial statements

for the year ended 31 December 2012

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SITA Security Shredding Limited

Company Information

Directors	C Chapron D Palmer-Jones
Company secretary	J Knight
Company number	02782456
Registered office	SITA House Grenfell Road Maidenhead Berkshire SL6 1ES
Auditor	Mazars LLP Tower Bridge House St Katharine's Way London E1W 1DD

SITA Security Shredding Limited

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SITA Security Shredding Limited

Directors' report for the year ended 31 December 2012

The directors present their report and the financial statements for the year ended 31 December 2012

Principal activities and review of business

The company's principal activity during the year was the provision of security paper shredding and recycling services

Turnover has decreased in 2012 due to the lower tonnages processed Together with an increase in staff costs and depreciation, this has lead to a lower operating profit being generated in 2012

On 31 December 2012, the trade and assets/ liabilities of the business were sold to SITA South East Limited for £4,207,000 Following the sale of trade and assets/ liabilities, the directors intend for this company to become dormant

Results and dividends

The profit for the year, after taxation, amounted to £63,000 (2011 - £ 447,000)

The directors do not recommend the payment of a dividend (2011 - £nil)

Directors

The directors who served during the year were

C Chapron
D Palmer-Jones

No director who held office on 31 December 2012 had an interest in the company's shares either during the financial year or at 31 December 2012

Directors' indemnity

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

Going concern

The company's going concern is intrinsically linked to the performance, risks and going concern of the SITA Group The SITA group, along with its ultimate parent company GDF 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 SITA group is well placed to manage its business risks successfully despite the current uncertain economic outlook

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

Future developments

Following the sale of the trade and assets/ liabilities previously held by the company to SITA South East on 31 December 2012, the intention is for this company to become dormant

SITA Security Shredding Limited

Directors' report for the year ended 31 December 2012 Environmental matters

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

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

In 2012 the SITA group

- recycled and recovered over 3 million tonnes of the materials we handled,
- generated over 800,000 megawatt-hours of electricity from our landfill gas and energy-from-waste facilities,
- successfully maintained and extended our accreditation to the Carbon Trust Standard, recognition of our commitment towards reducing our carbon footprint,
- produced over 100,000 tonnes of compost,
- reduced our GHG emissions produced by vehicles by 2% on the previous year, and
- increased renewable energy production by 12%

Principal risks and uncertainties

The SITA 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 SITA 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 SITA Group the preferred employer in the waste management sector through its employment policies

Competitive risks

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

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

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

SITA Security Shredding Limited

Directors' report for the year ended 31 December 2012 Principal risks and uncertainties (continued)

Health and safety risks

The SITA 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 SITA 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.

SITA Security Shredding Limited

Directors' report for the year ended 31 December 2012

Statement of directors' responsibilities

The directors are responsible for preparing 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 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 judgments and estimates that are reasonable and prudent,
- state whether 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 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.

Provision of information to auditors

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

- so far as that director is aware, there is no relevant audit information of which the company's auditors are unaware, and
- each director has taken all the steps that ought to have been taken as a director in order to be aware of any information needed by the company's auditors in connection with preparing their report and to establish that the company's auditors are aware of that information.

Re-appointment of auditors

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

This report was approved by the board on *September 25, 2013* and signed on its behalf



C Chapron
Director

SITA Security Shredding Limited

Independent auditor's report to the shareholder of SITA Security Shredding Limited

We have audited the financial statements of SITA Security Shredding Limited for the year ended 31 December 2012, which comprise the Profit and loss account, the Balance sheet and the related notes. 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).

Respective responsibilities of directors and auditor

As explained more fully in the Directors' responsibilities statement set out on page 4, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors. This report is made solely to the company's member in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's member those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's member for our audit work, for this report, or for the opinions we have formed.

Scope of the audit of the financial statements

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

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 other matter prescribed by the Companies Act 2006

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

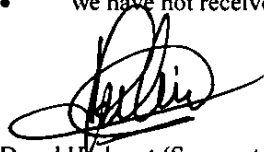
SITA Security Shredding Limited

Independent auditor's report to the shareholder of SITA Security Shredding Limited

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



David Herbinet (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 **30/09/2013**

SITA Security Shredding Limited

Profit and loss account for the year ended 31 December 2012

	Note	2012 £000	2011 £000
Turnover	1,2	2,255	2,590
Cost of sales		(1,627)	(1,555)
Gross profit		628	1,035
Administrative expenses		(556)	(439)
Operating profit	3	72	596
Interest receivable and similar income	5	16	17
Profit on ordinary activities before taxation		88	613
Tax on profit on ordinary activities	6	(25)	(166)
Profit for the financial year	13	63	447

All amounts relate to continuing operations

There were no recognised gains and losses for 2012 or 2011 other than those included in the Profit and loss account

The notes on pages 9 to 16 form part of these financial statements

SITA Security Shredding Limited
Registered number: 02782456

Balance sheet
as at 31 December 2012

	Note	£000	2012 £000	£000	2011 £000
Fixed assets					
Tangible assets	7		-		939
Current assets					
Stocks	8	-		13	
Debtors	9	4,207		3,377	
		<u>4,207</u>		<u>3,390</u>	
Creditors: amounts falling due within one year	10	-		(185)	
Net current assets			<u>4,207</u>		<u>3,205</u>
Total assets less current liabilities			<u>4,207</u>		<u>4,144</u>
Capital and reserves					
Called up share capital	12		1		1
Profit and loss account	13		4,206		4,143
Shareholders' funds	14		<u>4,207</u>		<u>4,144</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on
September 25, 2013.



C Chapron
Director

The notes on pages 9 to 16 form part of these financial statements

SITA Security Shredding Limited

Notes to the financial statements for the year ended 31 December 2012

1. Accounting policies

1.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention and in accordance with applicable accounting standards

1.2 Cash flow

The company, being a subsidiary undertaking where 90% or more of the voting rights are controlled within the group whose consolidated financial statements are publicly available, is exempt from the requirement to draw up a cash flow statement in accordance with FRS 1

1.3 Turnover

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

1.4 Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives on the following bases

Freehold property	-	50 years, straight line
Plant & machinery	-	3 - 10 years, straight line
Fixtures & fittings	-	3 - 5 years, straight line
Assets under construction	-	Depreciation commences upon completion of asset

1.5 Operating leases

Rentals under operating leases are charged to the Profit and loss account on a straight line basis over the lease term

1.6 Stocks

Stocks are valued at the lower of cost and net realisable value after making due allowance for obsolete and slow-moving stocks. Cost includes all direct costs and an appropriate proportion of fixed and variable overheads

1.7 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

SITA Security Shredding Limited

Notes to the financial statements for the year ended 31 December 2012

1. Accounting policies (continued)

1.8 Taxation

Current tax is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted at 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 have occurred at that date that will result in an obligation to pay more, or a right to pay less or to receive more tax, with the following exception

- deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which future reversal of the underlying timing differences can be deducted

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the period in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date

2. Turnover

The whole of the turnover is attributable to the one principal activity of the collection, shredding and recycling of paper

All turnover arose within the United Kingdom

3. Operating profit

The operating profit is stated after charging

	2012 £000	2011 £000
Depreciation of tangible fixed assets		
- owned by the company	162	106
Operating lease rentals - land and buildings	31	25

During the year, no director received any emoluments (2011 - £NIL) for services to this company

For the year ended 31 December 2012 and the prior year, auditors' remuneration was borne by a fellow group company

SITA Security Shredding Limited

Notes to the financial statements for the year ended 31 December 2012

4. Staff costs

Staff costs were as follows

	2012 £000	2011 £000
Wages and salaries	844	755
Social security costs	93	83
Other pension costs	8	6
	<u>945</u>	<u>844</u>

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

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

	2012 No	2011 No
Operational	24	22
Administration & management	8	7
	<u>32</u>	<u>29</u>

5. Interest receivable

	2012 £000	2011 £000
Interest receivable from group companies	<u>16</u>	<u>17</u>

6. Taxation

	2012 £000	2011 £000
Analysis of tax charge in the year		
Current tax (see note below)		
UK corporation tax charge on profit for the year	7	165
Deferred tax (see note 11)		
Origination and reversal of timing differences	<u>18</u>	<u>1</u>
Tax on profit on ordinary activities	<u>25</u>	<u>166</u>

SITA Security Shredding Limited

Notes to the financial statements for the year ended 31 December 2012

6 Taxation (continued)

Factors affecting tax charge for the year

The tax assessed for the year is lower than (2011 - higher than) the standard rate of corporation tax in the UK of 24.5% (2011 - 26.5%). The differences are explained below

	2012 £000	2011 £000
Profit on ordinary activities before tax	88	613
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 24.5% (2011 - 26.5%)	22	162
Effects of:		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	2	3
Capital allowances for year in excess of depreciation	(17)	-
Current tax charge for the year (see note above)	7	165

Factors that may affect future tax charges

The UK corporation tax rate decreased from 26% to 24% from 1 April 2012. The impact on the current year's tax charge is shown above.

Further reductions to the UK corporation tax rate have been announced that will have an effect on future tax charges. The change in the corporation tax rate to 23% from 1 April 2013 had been enacted at the balance sheet date and the deferred tax balance has been adjusted to reflect this change (note 11). Further reductions in the rate to 21% from 1 April 2014 and to 20% from 1 April 2015 have now been announced but were not substantively enacted at the balance sheet date, and are therefore not recognised in these financial statements.

SITA Security Shredding Limited

Notes to the financial statements for the year ended 31 December 2012

7. Tangible fixed assets

	Freehold property £000	Plant & machinery £000	Fixtures & fittings £000	Assets under construction £000	Total £000
Cost					
At 1 January 2012	164	1,125	57	482	1,828
Additions	10	72	-	283	365
Transfers intra group	-	21	-	-	21
Transfer between classes	26	721	1	(748)	-
Sale of trade and assets	(200)	(1,939)	(58)	(17)	(2,214)
At 31 December 2012	-	-	-	-	-
Depreciation					
At 1 January 2012	50	784	55	-	889
Charge for the year	8	153	1	-	162
Transfers intra group	-	1	-	-	1
Sale of trade and assets	(58)	(938)	(56)	-	(1,052)
At 31 December 2012	-	-	-	-	-
Net book value					
At 31 December 2012	-	-	-	-	-
At 31 December 2011	114	341	2	482	939

8 Stocks

	2012 £000	2011 £000
Raw materials	-	13

9. Debtors

	2012 £000	2011 £000
Amounts owed by group undertakings	4,207	3,324
Prepayments and accrued income	-	40
Deferred tax asset (see note 11)	-	13
	4,207	3,377

SITA Security Shredding Limited

**Notes to the financial statements
for the year ended 31 December 2012**

**10 Creditors:
Amounts falling due within one year**

	2012	2011
	£000	£000
Corporation tax	-	165
Accruals and deferred income	-	20
	<u>-</u>	<u>185</u>

11. Deferred taxation

	2012	2011
	£000	£000
At beginning of year	13	14
Charged for year	(17)	(1)
Sale of trade and assets	4	-
	<u>-</u>	<u>13</u>

The deferred taxation balance is made up as follows

	2012	2011
	£000	£000
Accelerated capital allowances	<u>-</u>	<u>13</u>

12 Share capital

	2012	2011
	£000	£000
Allotted, called up and fully paid 1,000 ordinary shares of £1 each	<u>1</u>	<u>1</u>

13. Reserves

	Profit and loss account £000
At 1 January 2012	4,143
Profit for the year	63
	<u>4,206</u>
At 31 December 2012	

SITA Security Shredding Limited

Notes to the financial statements for the year ended 31 December 2012

14. Reconciliation of movement in shareholders' funds

	2012 £000	2011 £000
Opening shareholders' funds	4,144	3,697
Profit for the year	63	447
Closing shareholders' funds	4,207	4,144

15. Capital commitments

At 31 December 2012 the company had capital commitments as follows

	2012 £000	2011 £000
Contracted for but not provided in these financial statements	-	218

16. 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 £8,000 (2011 - £6,000).

17. Operating lease commitments

At 31 December 2012 the company had annual commitments under non-cancellable operating leases as follows

	Land and buildings	
	2012 £000	2011 £000
Expiry date.		
After more than 5 years	-	25

18. Related party transactions

Under the provisions of Financial Reporting Standard 8, the company is not required to disclose details of related party transactions with Group entities as it is a wholly owned subsidiary, and the consolidated financial statements in which the company results are included are available to the public.

SITA Security Shredding Limited

Notes to the financial statements for the year ended 31 December 2012

19. Ultimate parent undertaking and controlling party

At the year end the ultimate parent undertaking was GDF Suez SA, a company incorporated in France

The largest group of which SITA Security Shredding Limited is a member and for which group financial statements are drawn up is that headed by GDF Suez SA, whose consolidated financial statements are available from 1 Place Samuel de Champlain, Faubourg de l'Arche, 92930 Paris la Defense, Cedex, France. The smallest such group is that headed by SITA Holdings UK Limited, a company registered in England & Wales. The consolidated financial statements of the SITA Holdings UK Limited Group may be obtained from SITA House, Grenfell Road, Maidenhead, Berkshire, SL6 1ES.

In the opinion of the directors, SITA Holdings UK Limited controls the company as a result of controlling 100% of the issued share capital of SITA Security Shredding Limited. At the year end GDF Suez SA was the ultimate controlling party, being the ultimate controlling party of SITA Holdings UK Limited.