

Registered number: 03497105

SITA (Kirklees) Limited

Directors' report and financial statements

for the year ended 31 December 2014

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SITA (Kirklees) Limited

Company Information

Directors

C Chapron
D Palmer-Jones
M Gordon
J Scanlon
G Mayson
Councillor D Sheard
T Otley
C Smith
C Scott (appointed 1 April 2014)
A Brice (appointed 1 April 2014)

Company secretary

M H Thompson

Registered number

03497105

Registered office

SITA House
Grenfell Road
Maidenhead
Berkshire
SL6 1ES

Independent auditor

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

SITA (Kirklees) Limited

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SITA (Kirklees) Limited

Strategic report for the year ended 31 December 2014

Business review

The company's key financial performance indicators during the year were as follows:

	2014	2013	
	£000	£000	Change
Turnover	18,892	17,720	+7%
Operating profit/(loss)	1,309	(585)	+324
Profit after tax	1,681	515	+226
Shareholders' funds - equity	4,849	3,168	+53%
Current assets as a % of current liabilities	163%	173%	

Increased turnover year on year is attributable to a general increase in tonnage processed in the year.

The increased turnover coupled with lower haulage costs and maintenance costs compared to 2013 has seen the company return to operating profit for the year.

Shareholders' funds have increased due to profit retained for the year.

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.

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.

SITA (Kirklees) Limited

**Strategic report (continued)
for the year ended 31 December 2014**

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.

This report was approved by the board on

15 JUL 2015

and signed on its behalf.



**C Chapron
Director**

SITA (Kirklees) Limited

Directors' report for the year ended 31 December 2014

The directors present their report and the financial statements for the year ended 31 December 2014.

Principal activities

The company is engaged in the waste management business encompassing waste disposal collection and ancillary services. The company operates as part of the Energy division of the SITA Holdings UK Limited Group ("SITA Group"), the United Kingdom waste management business of Suez Environnement SAS.

Results and dividends

The profit for the year, after taxation, amounted to £1,681,000 (2013 - £ 515,000).

The directors do not recommend the payment of a dividend (2013 - £nil).

Directors

The directors who served during the year were:

C Chapron
D Palmer-Jones
M Gordon
J Scanlon
G Mayson
Councillor D Sheard (resigned 1 April 2014)
T Otley
C Smith (resigned 1 April 2014)
C Scott (appointed 1 April 2014)
A Brice (appointed 1 April 2014)

No director who held office on 31 December 2014 or the previous year end held an interest in the company's shares.

Group Environmental Impact

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 2014 the SITA Group:

- Recycled and recovered over 3,500,000 tonnes of the material we handled;
- Generated over 930,000 megawatt hours of electricity from our landfill gas and energy-from-waste facilities;
- 77,000 tonnes of compost produced;
- 13% decrease in Greenhouse Gas (GHG) emissions from vehicles on the previous year;
- Electricity produced increased by 29% from non-hazardous waste incineration;
- There has been a 17% decrease of waste disposed in non hazardous waste landfills (includes municipal, I&C, Sludge and other inputs, excludes inert inputs);
- There has been a 13% decrease in fuel used for collection vehicles;
- Waste prepared for Energy Recovery as Solid Recovered Fuels (SRF) produced from wood has increased by 54%;
- Our carbon emissions from Electricity usage remains at zero in CRC terms;
- Successfully gained re-certification of the Carbon Trust Standard.

SITA (Kirklees) Limited

Directors' report for the year ended 31 December 2014

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 Suez Environnement SAS, 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.

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.

Future developments

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

Matters covered in the Strategic report

As permitted by Paragraph 1A of Schedule 7 to the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 certain matters which are required to be disclosed in the Directors' report have been omitted as they are included in the Strategic report. These matters relate to financial instrument risk.

Directors' responsibilities statement

The directors are responsible for preparing the Strategic report, 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 accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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

SITA (Kirklees) Limited

**Directors' report
for the year ended 31 December 2014
Disclosure of information to auditor**

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

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

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 **15 JUL 2015** and signed on its behalf.



C Chapron
Director

SITA (Kirklees) Limited

Independent auditor's report to the shareholders of SITA (Kirklees) Limited

We have audited the financial statements of SITA (Kirklees) Limited for the year ended 31 December 2014, which comprise the Profit and loss account, the Balance sheet, the Cash flow statement 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 2014 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.

SITA (Kirklees) Limited

Independent auditor's report to the shareholders of SITA (Kirklees) Limited

Opinion on other matter prescribed by the Companies Act 2006

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

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.



Jonathan Seaman (Senior statutory auditor)
for and on behalf of

Mazars LLP

Chartered Accountants and Statutory Auditor

Tower Bridge House

St Katharine's Way

London

E1W 1DD

Date: 20 Nov 2015

SITA (Kirklees) Limited

**Profit and loss account
for the year ended 31 December 2014**

	Note	2014 £000	2013 £000
Turnover	1,2	18,892	17,720
Cost of sales		(16,114)	(16,689)
Gross profit		2,778	1,031
Administrative expenses		(1,469)	(1,616)
Operating profit/(loss)	3	1,309	(585)
Interest receivable and similar income	5	1,953	2,061
Interest payable and similar charges	6	(981)	(1,081)
Profit on ordinary activities before taxation		2,281	395
Tax on profit on ordinary activities	7	(600)	120
Profit for the financial year	16	1,681	515

All amounts relate to continuing operations.

There were no recognised gains and losses for 2014 or 2013 other than those included in the Profit and loss account.

The notes on pages 11 to 22 form part of these financial statements.

SITA (Kirklees) Limited
Registered number: 03497105

Balance sheet
as at 31 December 2014

	Note	£000	2014 £000	£000	2013 £000
Fixed assets					
Tangible assets	8		81		177
Current assets					
Stocks	9	1,042		787	
Debtors: amounts falling due after more than one year	10	26,089		28,176	
Debtors: amounts falling due within one year	10	4,210		4,632	
Cash at bank		25,300		21,708	
		<u>56,641</u>		<u>55,303</u>	
Creditors: amounts falling due within one year	11	<u>(34,803)</u>		<u>(31,974)</u>	
Net current assets			<u>21,838</u>		<u>23,329</u>
Total assets less current liabilities			<u>21,919</u>		<u>23,506</u>
Creditors: amounts falling due after more than one year	12		<u>(11,364)</u>		<u>(13,935)</u>
Provisions for liabilities					
Deferred tax	13	(1,932)		(1,831)	
Other provisions	14	<u>(3,774)</u>		<u>(4,572)</u>	
			<u>(5,706)</u>		<u>(6,403)</u>
Net assets			<u>4,849</u>		<u>3,168</u>
Capital and reserves					
Called up share capital	15		8,839		8,839
Profit and loss account	16		<u>(3,990)</u>		<u>(5,671)</u>
Shareholders' funds - equity	17		<u>4,849</u>		<u>3,168</u>

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

15 JUL 2015



C Chapron
Director

The notes on pages 11 to 22 form part of these financial statements.

SITA (Kirklees) Limited

**Cash flow statement
for the year ended 31 December 2014**

	Note	2014 £000	2013 £000
Net cash flow from operating activities	22	5,275	4,669
Returns on investments and servicing of finance	23	991	1,001
Taxation	23	(220)	(201)
Capital expenditure and financial investment	23	(1)	(8)
Cash inflow before financing		6,045	5,461
Financing	23	(2,453)	(2,201)
Increase in cash in the year		3,592	3,260

**Reconciliation of net cash flow to movement in net funds/debt
for the year ended 31 December 2014**

	2014 £000	2013 £000
Increase in cash in the year	3,592	3,260
Cash outflow from decrease in debt and lease financing	2,453	2,201
Movement in net debt in the year	6,045	5,461
Net debt at 1 January	5,320	(141)
Net debt at 31 December	11,365	5,320

The notes on pages 11 to 22 form part of these financial statements.

SITA (Kirklees) Limited

Notes to the financial statements for the year ended 31 December 2014

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.

Having taken into account all available information, in particular forecasts for the next twelve months from the date of approval of the financial statements, and having performed the appropriate sensitivity analyses; the directors are of the opinion that it is appropriate to prepare the accounts on a going concern basis.

1.2 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.

1.3 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:

Motor vehicles	- 3 - 12 years, straight line
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1.4 Operating leases

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

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight line basis over the period until the date the rent is expected to be adjusted to the prevailing market rate.

1.5 Stocks

Stocks relate to spare parts and fuel and are valued at cost after making due allowance for obsolete and slow moving items.

1.6 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 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 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.

SITA (Kirklees) Limited

Notes to the financial statements for the year ended 31 December 2014

1. Accounting policies (continued)

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.

The company participates in SITA UK Group defined benefit pension schemes and the pension charge is based on full actuarial valuations dated between 1 January 2010 and 6 April 2012. These are multi-employer schemes, the assets and liabilities of which are held separately from the group. The company is unable to identify its share of the underlying assets and liabilities of the schemes and accordingly accounts for the schemes as if they were defined contribution schemes.

1.8 Provisions for environmental and landfill costs and landfill gas revenues

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

Closure costs:

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

Post closure costs:

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

Post-closure provisions have been shown at net present value. The current cost estimated has been inflated at 2.9% (2013 - 2.90%) and discounted by 4.53% (2013 - 4.53%). The unwinding of the discount element is shown in the financial statements as a financial item.

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

The company provides for both closure and post-closure costs as the permitted airspace is used. In accordance with Financial Reporting Standard 12 "Provisions, Contingent Liabilities and Contingent Assets", full provision has been made for the company's minimum unavoidable costs.

1.9 Financial receivables

Assets leased to customers under agreements which transfer substantially all the risks and rewards associated with ownership, other than legal title, are classified as finance leases. Where SITA Kirklees Limited is a lessor under finance leases, the amounts due under the leases after deduction of unearned charges, are included in financial receivables.

Finance lease income, having been allocated to accounting periods to give a constant periodic rate of return on the net cash investment, is included in interest receivable.

1.10 Financial instruments

The company uses financial instruments to reduce its exposure to interest rates. Financial instruments are not held for speculative purposes. Transactions are recorded at the contracted rate.

SITA (Kirklees) Limited

Notes to the financial statements for the year ended 31 December 2014

2. Turnover

The whole of the turnover is attributable to the one principal activity of waste disposal, collection and ancillary services.

All turnover arose within the United Kingdom.

3. Operating profit/(loss)

Operating profit is stated after charging:

	2014 £000	2013 £000
Depreciation of tangible fixed assets:		
- owned by the company	128	128
Operating lease rentals: other operating leases	12	12
	<u>140</u>	<u>140</u>

During the year, no director received any emoluments (2013 - £NIL).

For the year ended 31 December 2014 and the prior year, auditor's remuneration was borne by a fellow group company.

4. Staff costs

Staff costs were as follows:

	2014 £000	2013 £000
Wages and salaries	3,402	3,450
Social security costs	367	376
Other pension costs	347	288
	<u>4,116</u>	<u>4,114</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:

	2014 No.	2013 No.
Direct operatives	113	117
Management and administration	6	6
	<u>119</u>	<u>123</u>

SITA (Kirklees) Limited

**Notes to the financial statements
for the year ended 31 December 2014**

5. Interest receivable

	2014	2013
	£000	£000
Income from financial asset	1,953	2,061

6. Interest payable

	2014	2013
	£000	£000
On bank loans and overdrafts	811	923
Discount on provisions	19	21
On loans from group undertakings	151	137
	981	1,081

7. Taxation

	2014	2013
	£000	£000
Analysis of tax charge in the year		
Current tax (see note below)		
UK corporation tax charge on profit for the year	499	219
Adjustments in respect of prior periods	-	2
Total current tax	499	221
Deferred tax		
Origination and reversal of timing differences	101	(339)
Adjustments in respect of prior periods	-	(2)
Total deferred tax (see note 13)	101	(341)
Tax on profit on ordinary activities	600	(120)

SITA (Kirklees) Limited

Notes to the financial statements for the year ended 31 December 2014

7. Taxation (continued)

Factors affecting tax charge for the year

The tax assessed for the year is higher than (2013 - *higher than*) the standard rate of corporation tax in the UK of 21.5% (2013 - 23.25%). The differences are explained below:

	2014 £000	2013 £000
Profit on ordinary activities before tax	2,281	395
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 21.5% (2013 - 23.25%)	434	92
Effects of:		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	118	62
Capital allowances for year in excess of depreciation	65	97
Adjustments to tax charge in respect of prior periods	-	2
Short term timing difference leading to an increase (decrease) in taxation	(118)	(32)
Current tax charge for the year (see note above)	499	221

Factors that may affect future tax charges

The UK corporation tax rate decreased from 23% to 21% from 1 April 2014. 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 20% from 1 April 2015 had been enacted at the balance sheet date and the deferred tax balance has been adjusted to reflect this change (*note 13*).

8. Tangible fixed assets

	Motor vehicles £000
Cost	
At 1 January 2014	917
Additions	1
Transfers intra group	194
At 31 December 2014	1,112
Depreciation	
At 1 January 2014	740
Charge for the year	128
Transfers intra group	163
At 31 December 2014	1,031
Net book value	
At 31 December 2014	81
At 31 December 2013	177

SITA (Kirklees) Limited

Notes to the financial statements for the year ended 31 December 2014

9. Stocks

	2014	2013
	£000	£000
Spare parts	1,042	787

The difference between purchase price of stocks and their replacement cost is not material.

10. Debtors

	2014	2013
	£000	£000
Due after more than one year		
Financial receivable	26,089	28,176
Due within one year		
Other debtors	447	346
Prepayments and accrued income	1,676	2,417
Financial receivable	2,087	1,869
	4,210	4,632

The financial receivables above represent the amounts outstanding under the finance lease arrangements with Kirklees Metropolitan Council. During the year ended 31 December 2014, the company received rentals of £3,822,000 (2013 - £3,729,000) and acquired assets for the purpose of letting under these arrangements of £60,000 (2013 - £300,000).

11. Creditors:

Amounts falling due within one year

	2014	2013
	£000	£000
Bank loans and overdrafts	2,570	2,453
Trade creditors	305	359
Amounts owed to group undertakings	30,566	27,689
Corporation tax	499	219
Other taxation and social security	97	96
Other creditors	-	1
Accruals and deferred income	766	1,157
	34,803	31,974

SITA (Kirklees) Limited

**Notes to the financial statements
for the year ended 31 December 2014**

**12. Creditors:
Amounts falling due after more than one year**

	2014	2013
	£000	£000
Bank loans	11,364	13,935

Creditors include amounts not wholly repayable within 5 years as follows:

	2014	2013
	£000	£000
Repayable by instalments	693	3,447

The long-term bank loan bears interest in part at a fixed rate of between 6.40% and 6.80%, and the remainder at a variable rate of LIBOR plus 0.75%. The loan is secured by fixed and floating charges on the assets of the company.

13. Deferred taxation

	2014	2013
	£000	£000
At beginning of year	1,831	2,172
Charge for/(released during) year (P&L)	101	(341)
At end of year	1,932	1,831

The provision for deferred taxation is made up as follows:

	2014	2013
	£000	£000
Accelerated capital allowances	2,668	2,729
Other timing differences	(736)	(898)
	1,932	1,831

SITA (Kirklees) Limited

Notes to the financial statements for the year ended 31 December 2014

14. Provisions

	Environmental and landfill costs £000	Maintenance provisions £000	Total £000
At 1 January 2014	498	4,074	4,572
Additions	12	60	72
Amounts used	(59)	(570)	(629)
Discounted adjustments	19	(260)	(241)
At 31 December 2014	<u>470</u>	<u>3,304</u>	<u>3,774</u>

Environmental and landfill costs

The provision for environmental and landfill costs has been calculated in accordance with the accounting policy set out in note 1.8. The closure costs will be incurred prior to and during the closure of the company's landfill sites, whilst the post closure provision will be utilised over the 30 years thereafter.

Maintenance provisions

Provision has been made for the costs of maintaining and replacing assets as required under the terms of the contract with KMC. The directors expect that this provision will be utilised over the next ten years.

15. Share capital

	2014 £000	2013 £000
Allotted, called up and fully paid		
19 "A" ordinary shares of £0.01 each	-	-
81 "B" ordinary shares of £0.01 each	-	-
8,839,377 ordinary shares of £1 each	8,839	8,839
	<u>8,839</u>	<u>8,839</u>

The "A" and "B" ordinary shares entitle holders to one vote per share, but are not entitled to dividends. Voting rights for "A" shares cannot be used to remove a director appointed by "B" shareholders and vice versa. On a winding up, "A" and "B" ordinary shares have priority over ordinary shares for repayment of capital. The ordinary shares do not entitle holders to vote or attend general meetings, but shareholders are entitled to dividends.

16. Reserves

	Profit and loss account £000
At 1 January 2014	(5,671)
Profit for the financial year	1,681
At 31 December 2014	<u>(3,990)</u>

SITA (Kirklees) Limited

Notes to the financial statements for the year ended 31 December 2014

17. Reconciliation of movement in shareholders' funds

	2014 £000	2013 £000
Opening shareholders' funds	3,168	2,653
Profit for the financial year	1,681	515
Closing shareholders' funds	4,849	3,168

18. Contingent liabilities

The company has contingent liabilities under performance bonds and guarantees issued in the normal course of business amounting to £710,000 (2013 - £710,000).

19. 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 £111,000 (2013 - £77,000).

The company participates in SITA UK Group defined benefit pension schemes and the pension charge is based on full actuarial valuations dated between 1 January 2010 and 1 April 2012. These are multi-employer schemes, the assets and liabilities of which are held separately from the group. The company is unable to identify its share of the underlying assets and liabilities due to the manner in which the schemes have been administered historically. SITA (Kirklees) Limited accordingly accounts for the schemes as if they were defined contribution schemes.

The assets in the Group schemes are measured at their fair value at the balance sheet date and overall expected rates of return are established by the directors following discussions with the group's actuary. The liabilities in the scheme are measured on an actuarial basis using the projected unit method. The net liability of the UK schemes as disclosed in the consolidated accounts of the UK parent company, SITA Holdings UK Limited, at 31st December 2014 is £3,621,000 (2013: £4,152,000).

The pension cost charge represents contributions payable by the company to the funds and amounted to £236,000 (2013 - £211,000). It is not anticipated that future pension cost charges in SITA (Kirklees) Limited will increase significantly because of the net liability in the Group pension schemes. The total amount expected to be contributed by the SITA Holdings UK Limited Group to the schemes in 2015 is £3,521,000 (2014 contributions - £3,486,000).

20. Operating lease commitments

At 31 December 2014 the company had annual commitments under non-cancellable operating leases as follows:

	Land and buildings	
	2014 £000	2013 £000
Expiry date:		
After more than 5 years	12	12

SITA (Kirklees) Limited

Notes to the financial statements for the year ended 31 December 2014

21. Financial instruments

The company has entered into an interest rate swap arrangement to hedge against movements in the interest rate on its variable rate borrowings. The fair value of the interest rate swap at 31 December 2014 is £(1,414,000) (2013 - £(2,615,000)). The notional value of the amount hedged at 31 December 2014 is £14,455,000 (2013 - £14,455,000).

22. Net cash flow from operating activities

	2014 £000	2013 £000
Operating profit/(loss)	1,309	(585)
Depreciation of tangible fixed assets	128	128
Profit on disposal of tangible fixed assets	-	(2)
Increase in stocks	(255)	(147)
Decrease in debtors	2,509	1,137
(Decrease)/increase in creditors	(445)	91
Increase in amounts owed to group undertakings	2,846	4,161
Decrease in provisions	(817)	(114)
	-	-
Net cash inflow from operating activities	5,275	4,669

23. Analysis of cash flows for headings netted in cash flow statement

	2014 £000	2013 £000
Returns on investments and servicing of finance		
Interest received	1,953	2,061
Interest paid	(962)	(1,060)
Net cash inflow from returns on investments and servicing of finance	991	1,001
	2014 £000	2013 £000
Taxation		
Corporation tax	(220)	(201)
	2014 £000	2013 £000
Capital expenditure and financial investment		
Purchase of tangible fixed assets	(1)	(34)
Sale of tangible fixed assets	-	26
Net cash outflow from capital expenditure	(1)	(8)

SITA (Kirklees) Limited

Notes to the financial statements for the year ended 31 December 2014

23. Analysis of cash flows for headings netted in cash flow statement (continued)

	2014 £000	2013 £000
Financing		
Repayment of loans	(2,453)	(2,201)

24. Analysis of changes in net funds

	1 January 2014 £000	Cash flow £000	Other non-cash changes £000	31 December 2014 £000
Cash at bank and in hand	21,708	3,592	-	25,300
Debt:				
Debts due within one year	(2,453)	2,453	(2,571)	(2,571)
Debts falling due after more than one year	(13,935)	-	2,571	(11,364)
Net funds	5,320	6,045	-	11,365

25. Related party transactions

During the year ended 31 December 2013, the company made sales of £4,346,000 to SITA UK Limited (2013: £4,621,000). The company also made purchases of £3,639,000 from SITA UK Limited (2013: £4,351,000). At 31 December 2014, SITA (Kirklees) Limited had an intercompany creditor of £30,566,000 (2013: £27,689,000) owed to SITA group companies. The company incurred interest on the intercompany payable balance during the year ended 31 December 2014 of £151,000 (2013: £137,000).

SITA (Kirklees) Limited made sales of £15,246,000 to Kirklees Metropolitan Council during the year ended 31 December 2014 (2013 - £11,260,000). At 31 December 2014, SITA (Kirklees) Limited was owed £1,428,000 by Kirklees Metropolitan Council (2013 - £4,886,000).

Under the scope of FRS5, the company has received gross rental income from Kirklees Metropolitan Council of £3,822,000 in the year ended 31 December 2014 (2013 - £3,729,000). At the year end, the financial receivable from Kirklees Metropolitan Council is £28,176,000 (2013 - £30,045,000).

SITA (Kirklees) Limited

Notes to the financial statements for the year ended 31 December 2014

26. Ultimate parent undertaking and controlling party

At the year end the ultimate parent undertaking was Suez Environnement SAS, a company incorporated in France.

The largest group of which SITA (Kirklees) Limited is a member and for which group financial statements are drawn up is that headed by Suez Environnement SAS, whose consolidated financial statements are available from Tour CB21, 16 Place de L'Iris, 92040 Paris La Defense Cedex, France. The smallest such group is that headed by 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 ordinary share capital of SITA (Kirklees) Limited along with the majority of the voting rights. At the year end Suez Environnement SAS was the ultimate controlling party, being the ultimate controlling party of SITA Holdings UK Limited.