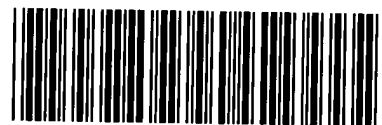


Company Registration No. 06544559 (England and Wales)

WP MIDCO1 LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017

THURSDAY



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WP MIDCO1 LIMITED

COMPANY INFORMATION

Directors	P Mauguy A Griffith
Secretary	A Firth
Company number	06544559
Registered office	Profile West 950 Great West Road Brentford Middlesex TW8 9ES
Independent Auditors	PricewaterhouseCoopers LLP 3 Forbury Place 23 Forbury Road Reading Berkshire RG1 3JH

WP MIDCO1 LIMITED

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WP MIDCO1 LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 31 DECEMBER 2017

The directors present the strategic report and audited financial statements for the year ended 31 December 2017.

Principal activities

The Company is a holding company and does not trade.

The Company holds £266.9m (2016: £266.9m) of fixed rate 11% subordinated unsecured loan notes. Interest compounds on a daily basis and is charged to the profit and loss account but is not payable until redemption.

The directors consider that the Company will continue in this role for the foreseeable future.

Review of the business

During the year the Company, which is incorporated in the United Kingdom, continued to operate as a holding company.

Apax Partners LLP, a private equity firm organised in Luxembourg, through a portfolio company of APAX IX GP Co Limited funds (the "APAX IX funds") acquired the Safety-Kleen group on 13 July 2017, with Shilton Midco 2 Limited becoming the ultimate controlling party from this date.

The results for the year are set out on page 6.

Principal risks and uncertainties

For information relating to the Group's principal risks and uncertainties please refer to the consolidated financial statements of the ultimate parent company.

Key performance measurement

The Company monitors the financial metrics of underlying EBITDA (defined as earnings before interest, tax, depreciation, amortisation and one off, exceptional and non-recurring items), comparing the EBITDA for the group operation against the financing commitments of the Company.

Financial risk management

The Company's financial risk management largely relates to financial risks, namely foreign exchange risk, liquidity risk and interest rate risk. The policies set by the Board of Directors of Shilton Midco 2 Limited, the Company's ultimate parent undertaking, are implemented by the group's Head Office Finance department which provides a centralised service for the provision of finance, and the management and control of liquidity, foreign exchange and interest rates.

Ultimately, the Company's funding is inter-related with that of the group of companies headed by Shilton Midco 2 Limited, whose funding arrangements are disclosed in the consolidated financial statements of Shilton Midco 2 Limited.

On behalf of the board



A Griffith
Director

13 September 2018

WP MIDCO1 LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2017

The directors present their report and the audited financial statements for the year ended 31 December 2017.

The Company is a private limited company and is incorporated and domiciled in the United Kingdom. The Company is limited by shares. The address of its registered office is Profile West, 950 Great West Road, Brentford, Middlesex, TW8 9ES.

Going concern

The directors are required to prepare financial statements on the going concern basis, unless it is inappropriate to presume that the Company will continue in business. The directors believe that the adoption of the going concern basis in the preparation of the financial statements is appropriate as the directors of the group headed by Shilton Midco 2 Limited, of which the Company is a member, have confirmed that it will provide the necessary financial support for 12 months from the date of approval of these financial statements. In concluding on the going concern basis, the directors have also considered the financial position of the Shilton Midco 2 Limited group, further details of which are disclosed in the consolidated financial statements of Shilton Midco 2 Limited.

Results and dividends

The results for the year are set out on page 6.

The Company's loss for the financial year is £79,551,000 (2016: £72,438,000). The Directors do not recommend the payment of a dividend (2016: £nil).

Directors

The directors, who served throughout the year except as noted, were as follows:

G Baldock	(Resigned 9 January 2018)
P Mauguy	
M Greenwood	(Resigned 10 February 2017)
A Griffith	(Appointed 10 February 2017)

Directors' and Officers' Liability

The Group provided the Directors and Officers with liability insurance for the year. The insurance does not provide cover in the event that the director is provided to have acted fraudulently.

Future developments

The Company will continue in its role as a holding company for the foreseeable future.

Financial risk management

For information relating to the Group's financial risk management policy please refer to the consolidated financial statement of the ultimate parent company.

Independent auditors

In accordance with the company's articles, a resolution proposing that PricewaterhouseCoopers LLP be reappointed as auditors of the company will be put at a General Meeting.

WP MIDCO1 LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2017

Statement of directors' responsibilities

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulation.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", 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 the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 102, have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; 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 also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for 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.

Statement of disclosure to auditors

Each director in office at the date of this report is approved confirms that:

- a) So far as the directors are aware, there is no relevant audit information of which the Company's auditors are unaware.
- b) Additionally, the directors have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the Company's auditors are aware of that information.

The financial statements were approved by the Board of directors on 13 September 2018 and signed on its behalf by:



A Griffith

Director

13 September 2018

Independent auditors' report to the members of WP Midco1 Limited

Report on the audit of the financial statements

Opinion

In our opinion, WP Midco1 Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2017 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report and Financial Statements (the "Annual Report"), which comprise: the balance sheet as at 31 December 2017; the profit and loss account, the statement of changes in equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which ISAs (UK) require us to report to you when:

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

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the company's ability to continue as a going concern.

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

With respect to the Strategic Report and Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on the responsibilities described above and our work undertaken in the course of the audit, ISAs (UK) require us also to report certain opinions and matters as described below.

Independent auditors' report to the members of WP Midco1 Limited (continued)

Strategic Report and Directors' Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic Report and Directors' Report for the year ended 31 December 2017 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic Report and Directors' Report.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Statement of Directors' Responsibilities set out on page 3, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditors' responsibilities for the audit of the financial statements

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

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

Use of this report

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Other required reporting

Companies Act 2006 exception reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion:

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

We have no exceptions to report arising from this responsibility.



John Maitland (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Reading
13 September 2018

WP MIDCO1 LIMITED

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31 DECEMBER 2017

		Year ended 31 December 2017 £'000	Year ended 31 December 2016 £'000
	Note		
One off non-recurring items	2	29	-
Operating profit		<u>29</u>	<u>-</u>
Interest receivable and similar income	5	100	125
Interest payable and similar expenses	6	(81,577)	(72,563)
Loss before taxation		<u>(81,448)</u>	<u>(72,438)</u>
Tax on loss	7	1,897	-
Loss for the financial year	13	<u><u>(79,551)</u></u>	<u><u>(72,438)</u></u>

The profit and loss account has been prepared on the basis that all operations are continuing operations.

There are no recognised gains and losses other than the loss for the financial years and accordingly no statement of other comprehensive income has been presented.

There is no material difference between the loss before taxation and the loss for the financial years stated above, and their historical cost equivalents.

The notes on pages 9 to 19 form an integral part of these financial statements.

WP MIDCO1 LIMITED

BALANCE SHEET

AS AT 31 DECEMBER 2017

	Note	2017 £'000	2016 £'000
Fixed assets			
Investments	8	267,900	267,900
		<u> </u>	<u> </u>
Current assets			
Deferred tax asset		1,897	-
Debtors	9	10,272	10,172
		<u> </u>	<u> </u>
		12,169	10,172
		<u> </u>	<u> </u>
Creditors: amounts falling due within one year	10	(2,090)	(2,090)
		<u> </u>	<u> </u>
Net current assets		10,079	8,082
		<u> </u>	<u> </u>
Total assets less current liabilities		277,979	275,982
		<u> </u>	<u> </u>
Creditors: amounts falling due after more than one year	10	(745,707)	(664,159)
		<u> </u>	<u> </u>
Net liabilities		(467,728)	(388,177)
		<u> </u>	<u> </u>
Capital and reserves			
Called up share capital	12	1,000	1,000
Profit and loss account	13	(468,728)	(389,177)
		<u> </u>	<u> </u>
Total equity		(467,728)	(388,177)
		<u> </u>	<u> </u>

The notes on pages 9 to 19 form an integral part of these financial statements.

The financial statements were approved by the Board of directors and authorised for issue on 13 September 2018

Signed on its behalf by:



A Griffith
Director

Company Registration No. 06544559

WP MIDCO1 LIMITED

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2017

	Called up share capital £'000	Profit and loss account £'000	Total equity £'000
Balance at 1 January 2016	1,000	(316,739)	(315,739)
Loss for the financial year	-	(72,438)	(72,438)
Balance at 31 December 2016	1,000	(389,177)	(388,177)
Loss for the financial year	-	(79,551)	(79,551)
Balance at 31 December 2017	1,000	(468,728)	(467,728)

WP MIDCO1 LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

1 Accounting policies

1.1 Basis of preparation

These financial statements are prepared on a going concern basis, under the historical cost convention, in accordance with the Companies Act 2006.

The preparation of financial statements in conformity with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 1.11.

As the consolidated financial statements of Shilton Midco 2 Limited include the equivalent disclosures, the company has also taken the exemptions under FRS 102 available in respect of the following disclosures:

- the requirements of IFRS 7 Financial Instruments: Disclosures;
- the requirements of paragraphs 91-99 of IFRS 13 Fair Value Measurement;
- the requirements of IAS 7 Statement of Cash Flows;
- the requirements of paragraph 17 of IAS 24 Related Party Disclosures;
- the requirements in IAS 24 Related Party Disclosures to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member ; and
- the requirements of paragraphs 134(d)-134(f) and 135(c)-135(e) of IAS 36 Impairment of Assets.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements.

1.2 Investments in subsidiaries

Fixed asset investments are stated at cost plus incidental expenses, less any provision for impairment if, in the opinion of the directors, one is required. Impairment reviews are carried out when management determine that there has been a potential indicator of impairment.

1.3 Interest income

Interest income is recognised using the effective interest rate method.

1.4 Share capital

Ordinary shares are classified as equity. Incremental costs attributable to the issue of new ordinary shares or options are shown in equity as a deduction, net of tax, from the proceeds.

1.5 Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

1.6 Exceptional items

Exceptional items are items that are material either individually or, if of a similar type, in aggregate and which due to their nature or the infrequency of the events giving rise to them, are presented separately to assist users of the financial statements in assessing the trading performance of the company's businesses either year on year or with other businesses.

WP MIDCO1 LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2017

1 Accounting policies

(Continued)

1.7 Financial instruments

The Company has chosen to adopt the Sections 11 and 12 of FRS 102 in respect of the financial instruments and has therefore chosen to account for the financial instruments as basic financial instruments in accordance with Section 11.

(i) Financial assets

Basic financial assets, including trade and other receivables, cash and bank balances and investments in commercial paper, are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest.

Such assets are subsequently carried at amortised cost using the effective interest method.

At the end of each reporting period financial assets measured at amortised cost are assessed for objective evidence of impairment. If an asset is impaired the impairment loss is the difference between the carrying amounts and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in the income statement.

(ii) Financial liabilities

Basic financial liabilities, including trade and other payables and borrowings are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest.

Such liabilities are subsequently carried at amortised cost using the effective interest method.

1.8 Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

Corporation tax payable is provided on taxable profits at the current rate.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the profit and loss account because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

Deferred tax

Deferred taxation is provided in full in respect of taxation deferred by timing differences between the treatment of certain items for taxation and accounting purposes. The deferred tax balance has not been discounted.

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 the future reversal of the underlying timing difference can be deducted.

1.9 Foreign exchange

Transactions in currencies other than pounds sterling are recorded at the rates of exchange prevailing at the dates of the transactions. At each reporting end date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the reporting end date. Gains and losses arising on translation are included in the profit and loss account for the period.

WP MIDCO1 LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2017

1 Accounting policies

(Continued)

1.10 Group financial statements

The financial statements present information about the company as an individual undertaking and not about its Group. The Company has not prepared group financial statements as it is exempt from the requirement to do so by section 401 of the Companies Act 2006 as it is a subsidiary undertaking Shilton Midco 2 Limited, a Company incorporated in the Cayman Islands, and is included in the consolidated financial statements of the Company.

1.11 Critical accounting estimates and judgements

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

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised, if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods. The estimates and assumptions which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities are outlined below:

Impairment of investments

Impairment testing requires management to estimate the recoverable amount of an asset or group of assets. Recoverable amount represents the higher of value in use and fair value less costs to sell. Value in use represents the net present value of the cash flows expected to arise from an asset or group of assets and its calculation requires management to estimate those cash flows and to apply a discount rate to them.

Cash flows are estimated by applying assumptions to budget sales, costs and overheads over a five year forecast period and by applying a perpetuity growth rate to the forecast cash flow in the fifth year.

Cash flows are discounted using a discount rate based on the Group's weighted average cost of capital adjusted for risks specific to the asset or group of assets. The weighted average cost of capital is affected by estimates of interest rates, equity returns and market and country related risks.

At 31 December 2017 the carrying value of long life assets is disclosed in note 8. If cash flow or discount rate assumptions were to change, impairment losses may be recognised in the next financial year.

Taxation

The Directors are required to exercise judgement in determining the company's provision for income taxes.

Estimation is required of taxable profit in order to determine the company's current tax liability and judgement is required in situations where the company's tax position is uncertain and may be subject to review by the tax authorities.

Estimation is also required of timing differences between the carrying amount of assets and liabilities and their tax base. Deferred tax liabilities are recognised for all taxable timing differences but, where there exist deductible timing differences, judgement is required as to whether a deferred tax asset should be recognised based on the availability of future taxable profits.

No deferred tax asset has been recognised in relation to temporary differences arising in relation to interest accrued but not paid on shareholder loan notes. Due to forecasts of appropriate taxable profits, management have decided to recognise a deferred tax asset of £1.9m in respect of the corporate interest restriction carried forward, and tax losses carried forward. The company has an unrecognised deferred tax asset of £38.0m.

WP MIDCO1 LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2017

2	Exceptional items	Year ended 31 December 2017 £'000	Year ended 31 December 2016 £'000
	One-off exceptional items	29	-

3 Auditors' remuneration

During the year the Company obtained the following services from its auditors PricewaterhouseCoopers LLP, at costs detailed below:

	Year ended 31 December 2017 £'000	Year ended 31 December 2016 £'000
Fees payable to the company's auditors for the audit of the company's annual financial statements	1	1

The audit fee for the year is borne by Safetykleen Group Services Limited, a fellow subsidiary undertaking.

4 Employee information and directors' emoluments

The Company has no employees (2016: none) other than the directors.

The directors are directors of a number of companies within the Group headed by Shilton Midco 2 Limited, consequently. The remuneration of the directors during the reporting year was borne by Safetykleen Group Services Limited, a fellow subsidiary undertaking.

	Year ended 31 December 2017 £'000	Year ended 31 December 2016 £'000
Aggregate emoluments	1,808	1,396
Amounts paid to pension schemes	87	35
	1,895	1,431

The highest paid director received emoluments of £1,303,000 (2016: £905,000) for the year and pension contributions by the group of £72,000 (2016: £18,000).

Four (2016: two) directors have retirement benefits accruing under money purchase pensions schemes.

WP MIDCO1 LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2017

5	Interest receivable and similar income	Year	Year
		ended	ended
		31 December	31 December
		2017	2016
		£'000	£'000
	Interest on amounts due from group undertakings	100	125
		<u> </u>	<u> </u>
6	Interest payable and similar expenses	Year	Year
		ended	ended
		31 December	31 December
		2017	2016
		£'000	£'000
	Interest on amounts payable to group companies	33,899	30,472
	Interest on amounts payable on shareholder loans	47,678	42,091
		<u> </u>	<u> </u>
	Total interest expense	81,577	72,563
		<u> </u>	<u> </u>

WP MIDCO1 LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2017

7 Tax on loss

	Year ended 31 December 2017 £'000	Year ended 31 December 2016 £'000
Deferred tax		
Tax losses carried forward	(1,897)	-
Total tax credit	<u>(1,897)</u>	<u>-</u>

The tax assessed for the year is higher than (2016: higher than) the standard rate of corporation tax in the UK of 19.25% (2016: 20.00%). The differences are explained below:

	2017 £'000	2016 £'000
Loss before taxation	<u>(81,448)</u>	<u>(72,438)</u>
Loss before taxation multiplied by standard rate of UK corporation tax of 19.25% (2016 - 20.00%)	<u>(15,679)</u>	<u>(14,488)</u>
Taxation impact of factors affecting tax charge:		
Expenses not deductible in determining taxable profit	(5)	1,498
Change in unrecognised deferred tax assets	4,936	6,806
Group relief surrendered	8,851	6,184
Total adjustments	<u>13,782</u>	<u>14,488</u>
Total tax credit for the year	<u>(1,897)</u>	<u>-</u>

The main rate of UK corporation tax was reduced from 20% to 19% with effect from 1 April 2017. Accordingly, the company's losses for this accounting year are taxed at an effective rate of 19.25%.

Further reductions to the UK corporation tax rate have been announced. The changes, which are substantively enacted, reduce the rate to 17% from 1 April 2020.

No deferred tax asset has been recognised in relation to temporary differences arising in relation to interest accrued but not paid on shareholder loan notes.

Due to forecasts of appropriate taxable profits, management have decided to recognise a deferred tax asset of £1.9m in respect of the corporate interest restriction carried forward, and tax losses carried forward. The company has an unrecognised deferred tax asset of £38.0m (2016: £33.9m).

WP MIDCO1 LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2017

8 Investments

	2017 £'000	2016 £'000
Investments in subsidiaries	267,900	267,900
	<u>267,900</u>	<u>267,900</u>

A full listing of the principal subsidiary undertakings is shown in note 11.

Fair value of financial assets carried at amortised cost

Except as detailed below the directors believe that the carrying amounts of financial assets carried at amortised cost in the financial statements approximate to their fair values.

Movements in fixed asset investments

	Shares £'000
Cost or valuation	
At 1 January 2017 & 31 December 2017	<u>267,900</u>
Impairment	
At 1 January 2017 & 31 December 2017	<u>-</u>
Carrying amount	
At 31 December 2017	<u>267,900</u>
At 31 December 2016	<u>267,900</u>

9 Debtors

	2017 £'000	2016 £'000
Amounts owed by group undertakings	<u>10,272</u>	<u>10,172</u>

Amounts owed by group undertakings are unsecured, incur interest at REPO +1% and are repayable on demand.

The directors consider the book values to approximate to their fair values.

WP MIDCO1 LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2017

10 Creditors

	Amounts falling due within one year		Amounts falling due after more than one year	
	2017 £'000	2016 £'000	2017 £'000	2016 £'000
Amounts owed to group undertakings	2,090	2,090	-	-
Subordinated unsecured loan notes	-	-	266,900	266,900
Interest on subordinated unsecured loan notes owed to parent company	-	-	211,079	177,180
Accruals and deferred income	-	-	267,728	220,079
	<u>2,090</u>	<u>2,090</u>	<u>745,707</u>	<u>664,159</u>

Amounts owed to group undertakings are unsecured, incur interest and are repayable on demand.

The Company's £266,900,000 (2016: £266,900,000) Fixed Rate 11% subordinated Unsecured Loan Notes are listed on the Channel Islands Stock Exchange ("CISX"). Of the Fixed Rate 11% Subordinated Unsecured Loan Notes, an amount of £118,500,000 (2016: £118,500,000) is held by the immediate parent company WP Safety-Kleen Limited.

The Notes are redeemable at the earliest date of the following conditions i) a listing of the Company's shares; ii) a sale; iii) an Asset Sale or iv) 11 years from the Issue Date of 2 July 2008.

Interest compounding on a daily basis is charged to the profit and loss account but is not payable until redemption. The externally held portion is included under accruals and deferred income whilst interest due on those Notes held by group companies is shown under amounts due to parent company.

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2017

11 Subsidiary companies

The Company owns 100% of the ordinary share capital of WP Midco 2 Limited, an intermediate holding company incorporated in the United Kingdom. The subsidiary undertakings of the Company at the balance sheet date, which are wholly owned and held indirectly, are shown below:

Subsidiary undertakings	Country of incorporation	Principal activity	Address
WP Midco 3 Limited	United Kingdom	Holding company	Profile West, 950 Great West Road, Brentford, Middlesex, TW8 9ES
Safetykleen Group Services Limited	United Kingdom	Holding company	Profile West, 950 Great West Road, Brentford, Middlesex, TW8 9ES
WP SK Holdings Limited	United Kingdom	Holding company	Profile West, 950 Great West Road, Brentford, Middlesex, TW8 9ES
WP SK Midco Limited	United Kingdom	Holding company	Profile West, 950 Great West Road, Brentford, Middlesex, TW8 9ES
WP SK Limited	United Kingdom	Holding company	Profile West, 950 Great West Road, Brentford, Middlesex, TW8 9ES
WP SK France Limited	United Kingdom	Holding company	Profile West, 950 Great West Road, Brentford, Middlesex, TW8 9ES
Safety-Kleen Europe Limited	United Kingdom	Holding company	Profile West, 950 Great West Road, Brentford, Middlesex, TW8 9ES
Safety-Kleen UK (Europe) Limited	United Kingdom	Holding company	Profile West, 950 Great West Road, Brentford, Middlesex, TW8 9ES
SK 5 Limited	United Kingdom	Holding company	Profile West, 950 Great West Road, Brentford, Middlesex, TW8 9ES
Safety-Kleen UK (France) Limited	United Kingdom	Holding company	Profile West, 950 Great West Road, Brentford, Middlesex, TW8 9ES
Technowash Limited	United Kingdom	Machine manufacturer	8 – 10 Standard Way, Standard Way Business Park, Northallerton, DL6 2XE
Safety-Kleen UK Limited	United Kingdom	Parts washing and chemical application services	Profile West, 950 Great West Road, Brentford, Middlesex, TW8 9ES
Parts Wash Limited	United Kingdom	Parts washing and chemical application services	Profile West, 950 Great West Road, Brentford, Middlesex, TW8 9ES
Parts Wash UK Limited	United Kingdom	Parts washing and chemical application services	Profile West, 950 Great West Road, Brentford, Middlesex, TW8 9ES
QED Chemical Solutions Limited	United Kingdom	Parts washing and chemical application services	Profile West, 950 Great West Road, Brentford, Middlesex, TW8 9ES

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2017

11 Subsidiary companies (Continued)

WP SK Spain SL	Spain	Holding company	Parque Empresarial Las Mercedes, C/ Campezo, 1, Ed.4 – 3ºA, 28022 Madrid, (Spain)
Safety-Kleen España SA	Spain	Parts washing and chemical application services	Parque Empresarial Las Mercedes, C/ Campezo, 1, Ed.4 – 3ºA, 28022 Madrid, (Spain)
WP SK France SAS	France	Holding company	Safetykleen France,65, avenue Jean Mermoz, 93126 LA COURNEUVE Cedex
Safety-Kleen France Services SAS	France	Holding company	Safetykleen France,65, avenue Jean Mermoz, 93126 LA COURNEUVE Cedex
Safety-Kleen France Sarl	France	Parts washing and chemical application services	Safetykleen France,65, avenue Jean Mermoz, 93126 LA COURNEUVE Cedex
Safety-Kleen Beteiligungs GmbH	Germany	Holding company	Herforder Straße 47 51, 32545 Bad Oeynhausen
Safety-Kleen Deutschland GmbH	Germany	Parts washing and chemical application services	Herforder Straße 47 51, 32545 Bad Oeynhausen
Safety-Kleen Grundbesitz GmbH	Germany	Holding company	Herforder Straße 47 51, 32545 Bad Oeynhausen
Orm Bergold Chemie GmbH & Co KG	Germany	Waste collection and recycling	Daimlerstrasse 2 4, 44805 Bochum
Orm Chemie GmbH	Germany	Holding company	Daimlerstrasse 2 4, 44805 Bochum
WP SK Italy Srl	Italy	Holding company	SafetyKleen Italia, Via XXV Aprile 5, Pero, Milan
Safety-Kleen Italia Spa	Italy	Parts washing and chemical application services	SafetyKleen Italia, Via XXV Aprile 5, Pero, Milan
Safetykleen Portugal Solventes e Gestão de Resíduos, SA	Portugal	Parts washing and chemical application services	Gestao de Resíduos, SA , Vila Amélia – Lote 594, Cabanas, 2950 805 Quinta do Anjo, (Portugal)
Safety-Kleen Ireland Limited	Ireland	Parts washing and chemical application services	Airton Road, Dublin, Dublin 24
Safety-Kleen Belgium SA	Belgium	Parts washing and chemical application services	Industrielaan 130, 1070 Brussel, (Belgium)
Safety-Kleen (Netherlands) BV	Netherlands	Holding company	Safety-Kleen (Netherlands) BV, Hoogoorddreef 15, 1101 BA, Amsterdam
Safety-Kleen Hungary KFT	Hungary	Parts washing and chemical application services	2440 Százhalombatta, Erőmű utca 12., Hungary
Co-Ba 2000 KFT	Hungary	Parts washing and chemical application services	2440 Százhalombatta, Erőmű utca 12., Hungary
Safety-Kleen Slovakia s.r.o	Slovakia	Parts washing and chemical application services	Nádražná 36, Ivanka pri Dunaji 900 28 Slovakia
Safety Kleen CZ. s.r.o.	Czech Republic	Parts washing and chemical application services	66467 Syrovice, Areal byvaleho ZD Syrovice, Ceska Republica
Safety-Kleen Parça Temizlik Hizmetleri Limited	Turkey	Parts washing and chemical application services	IOSB Galvano Teknik Sanayi Sitesi A Blok No: 69, Basaksehir Istanbul
Global Kleen HK Limited	Hong Kong	Parts washing and chemical application services	8 Kai Fong Yuen, Pingche , Fanling, New Territories, Hong Kong

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2017

11 Subsidiary companies (Continued)

Global Kleen Guangzhou Parts Washer	China	Parts washing and chemical application services	RM17, No.329, Qingnian Rd, Guangzhou Economic and Technological Development Zone, Guangzhou
Servicekleen do Brasil Ltda	Brazil	Parts washing and chemical application services	Rua João Dias Ribeiro, 53, Polo Itapevi, CEP 06693 810, Itapevi, SP, Brasil

12 Called up share capital	2017	2016
	£'000	£'000
Allotted, called up and fully paid		
1,000,000 (2016: 1,000,000) ordinary shares of £1 each	1,000	1,000

13 Profit and loss account

At 1 January 2017	(389,177)
Loss for the financial year	(79,551)
At 31 December 2017	(468,728)

14 Contingent liabilities

The Company is a participant in a Group banking arrangement under which, all surplus cash balances are held as collateral for bank facilities advanced to Group companies. In addition the Company has a cross-guarantee arrangement with the bank to support these Group facilities.

15 Ultimate parent company and ultimate controlling party

The Company's immediate parent is WP Safety-Kleen Limited, a company incorporated in the United Kingdom. Shilton Midco 2 Limited is the Company's ultimate parent undertaking and controlling party and is the largest and the smallest group of which the Company is a member and for which consolidated financial statements are prepared. The consolidated financial statements of Shilton Midco 2 Limited can be obtained from Companies House, Crown Way, Cardiff, Wales, CF14 3UZ.

Apax Partners LLP, a private equity firm organised in Luxembourg, through a portfolio company of APAX IX GP Co Limited funds (the "APAX IX funds") acquired the Safety-Kleen group on 13 July 2017, with Shilton Midco 2 Limited becoming the ultimate controlling party from this date. Prior to 13 July 2017, WP Safety-Kleen (Cayman) Limited was the ultimate controlling party which was a portfolio company of funds (the "Warburg Pincus Funds") advised and managed by Warburg Pincus LLC, a private equity firm organised in the United States of America.

16 Events after the reporting date

There are no post balance sheet events (2016: none) which require disclosure.