

**Company Registration No. 07418624**

**Hykeham O&M Services Limited**

**Annual report and financial statements  
for the year ended 31 December 2016**



# **Hykeham O&M Services Limited**

## **Annual report and financial statements 2016**

<b>Contents</b>	<b>Page</b>
<b>Officers and professional advisers</b>	<b>1</b>
<b>Directors' report</b>	<b>2</b>
<b>Independent auditor's report</b>	<b>4</b>
<b>Statement of comprehensive income and expense</b>	<b>6</b>
<b>Balance sheet</b>	<b>7</b>
<b>Statement of changes in equity</b>	<b>8</b>
<b>Notes to the financial statements</b>	<b>9</b>

# **Hykeham O&M Services Limited**

## **Annual report and financial statements 2016**

### **Officers and professional advisers**

#### **Directors**

P Taylor  
V F Orts-Llopis  
A Serrano Minchan

#### **Company Secretary**

C Nunn

#### **Registered Office**

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

#### **Auditor**

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

# Hykeham O&M Services Limited

## Directors' report

The Directors present their report and the audited financial statements of Hykeham O&M Services Limited ("the Company") for the year ended 31 December 2016.

### Principal activity

The principal activity of the Company during the year ended 31 December 2016 was performing the operations and maintenance contract in respect of the Lincolnshire Energy from Waste ("EfW") plant. The plant is owned by FCC Environment (Lincolnshire) Limited, a fellow subsidiary undertaking of the Company's ultimate UK-domiciled parent company, FCC Environment (UK) Limited ("FCC E UK").

### Directors

The Directors who served during the year ended 31 December 2016 and up to the date of this report were as follows:

P Taylor

V F Orts-Llopis

A Serrano Minchan

### Results and dividends

The results for the Company for the year ended 31 December 2016 are set out on page 6. The profit (2015: loss) for the financial year amounted to £479,000 (2015: £121,000 loss). The Company did not pay an interim dividend during the year (2015: £nil) and furthermore, the Directors do not recommend the payment of a final dividend (2015: £nil). The profit (2015: loss) for the financial year has been transferred to (2015: withdrawn from) reserves, resulting in a corresponding increase (2015: decrease) in total equity in the year.

The Company's indirect parent company, FCC E UK, manages its operations on a divisional basis and information regarding key performance indicators is included within the FCC E UK annual report. For this reason, the Company's Directors believe that the disclosure of further financial and non-financial key performance indicators for the Company is not appropriate for an understanding of the development, performance or position of the business.

### Going concern

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

### Directors' indemnities

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

### Financial risk management

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

### Liquidity and credit risk

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

# Hykeham O&M Services Limited

## Directors' report

### Directors' responsibilities statement

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

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

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; 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.

### Auditor

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

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

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

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

### Small companies exemption

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

Approved by the Board and signed on its behalf by:



C Nunn  
Company Secretary

1 August 2017

# **Hykeham O&M Services Limited**

## **Independent auditor's report to the members of Hykeham O&M Services Limited**

We have audited the financial statements of Hykeham O&M Services Limited for the year ended 31 December 2016 which comprise of the statement of comprehensive income and expense, the balance sheet, the statement of changes in equity and the related notes 1 to 16. 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), including Financial Reporting Standard 101 "Reduced Disclosure Framework".

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

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

As explained more fully in the Directors' responsibilities statement, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

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

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

### **Opinion on financial statements**

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2016 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 matters prescribed by the Companies Act 2006**

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

- the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Directors' Report have 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 have not identified any material misstatements in the Directors' Report.

## **Independent auditor's report to the members of Hykeham O&M Services 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; or
- the Directors were not entitled to take advantage of the small companies exemption from preparing a Strategic report or in preparing the Directors' report.



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

7th August 2017

# Hykeham O&M Services Limited

## Statement of comprehensive income and expense Year ended 31 December 2016

	Notes	2016 £'000	2015 £'000
Turnover	4	7,155	7,178
Cost of sales		(6,676)	(6,714)
<b>Gross profit</b>		<b>479</b>	<b>464</b>
Administrative expenses		-	(585)
<b>Profit/(loss) on ordinary activities before taxation</b>		<b>479</b>	<b>(121)</b>
Tax on profit/(loss) on ordinary activities	8	-	-
<b>Profit/(loss) for the financial year</b>		<b>479</b>	<b>(121)</b>
Other comprehensive income for the year, net of tax		-	-
<b>Total comprehensive income/(expense) for the year</b>		<b>479</b>	<b>(121)</b>

All results in the year ended 31 December 2016 relate to continuing operations.

The notes on pages 9 to 16 are an integral part of these financial statements.



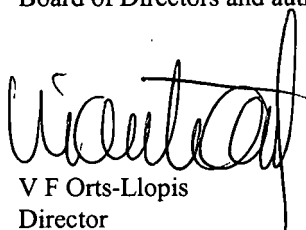
# Hykeham O&M Services Limited

## Balance sheet at 31 December 2016

	Note	2016 £'000	2015 £'000
<b>Current assets</b>			
Debtors: amounts due within one year	9	4,643	2,727
<b>Creditors: amounts falling due within one year</b>	10	(4,384)	(2,947)
<b>Net current assets/(liabilities) and net assets/(liabilities)</b>		<u>259</u>	<u>(220)</u>
<b>Capital and reserves</b>			
Called-up share capital	11	-	-
Profit and loss account		259	(220)
<b>Total equity</b>		<u>259</u>	<u>(220)</u>

The notes on pages 9 to 16 are an integral part of these financial statements.

The financial statements of Hykeham O&M Services Limited, registered number 07418624 were approved by the Board of Directors and authorised for issue on 1 August 2017. They were signed on its behalf by:

  
V F Orts-Llopis  
Director

# Hykeham O&M Services Limited

## Statement of changes in equity Year ended 31 December 2016

	<b>Called-up share capital £'000</b>	<b>Profit and loss account £'000</b>	<b>Total £'000</b>
<b>Year ended 31 December 2016</b>			
At 1 January 2016	-	(220)	(220)
Profit for the year	-	479	479
Other comprehensive income	-	-	-
	<hr/>	<hr/>	<hr/>
<b>At 31 December 2016</b>	<b>-</b>	<b>259</b>	<b>259</b>
	<hr/>	<hr/>	<hr/>
<b>Year ended 31 December 2015</b>			
At 1 January 2015	-	(99)	(99)
Loss for the year	-	(121)	(121)
Other comprehensive income	-	-	-
	<hr/>	<hr/>	<hr/>
<b>At 31 December 2015</b>	<b>-</b>	<b>(220)</b>	<b>(220)</b>
	<hr/>	<hr/>	<hr/>

# Hykeham O&M Services Limited

## Notes to the financial statements For the year ended 31 December 2016

### 1. Corporate information

Hykeham O&M Services Limited is a company incorporated in the United Kingdom under the Companies Act. The address of the registered office is given on page 1. The nature of the Company's operations and its principal activities are set out in the Directors' report.

### 2. Accounting policies

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

#### General information and basis of accounting

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

The functional and presentational currency of Hykeham O&M Services Limited is considered to be pounds sterling because that is the currency of the primary economic environment in which the Company operates.

#### Exemptions for qualifying entities under FRS 101

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

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

# **Hykeham O&M Services Limited**

## **Notes to the financial statements For the year ended 31 December 2016**

### **2. Accounting policies (continued)**

#### **Amendments to IFRSs that are mandatorily effective for the current year**

In the current year, the Group has applied a number of amendments to IFRSs issued by the International Accounting Standards Board (IASB) that are mandatorily effective for an accounting period that begins on or after 1 January 2016. Their adoption has not had any material impact on the disclosures or on the amounts reported in these financial statements.

- Annual Improvements to IFRSs 2012 - 2014 Cycle

#### **New international accounting standards and interpretations not yet adopted**

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

- IAS 12 (amendment) – Income taxes; Recognition of deferred tax assets for unrealised losses
- IAS 7 (amendment) – Cashflow statements; Disclosure initiative
- IFRS 9 – Financial instruments
- IFRS 15 – Revenue from Contracts with Customers
- IFRS 16 – Leases

#### **Going concern**

The Directors, having assessed the responses of their enquiries to the indirect parent company, FCC E UK, have reviewed projected cash flows and carefully considered the risks to the Company's trading performance and cash flows, and continue to adopt the going concern basis in preparing the Annual report and financial statements.

#### **Turnover**

Turnover is stated net of value added tax and trade discounts. Turnover from the supply of services represents the value of services provided under contracts to the extent that there is a right to consideration and is recorded at the value of the consideration due. Turnover is recognised in respect of the operation and maintenance of the EfW plant at contracted intervals based on the performance of the plant. Where payments are received from customers in advance of services provided, the amounts are recorded as deferred income and included as part of creditors due within one year.

# Hykeham O&M Services Limited

## Notes to the financial statements For the year ended 31 December 2016

### 2. Accounting policies (continued)

#### Employee benefits

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

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

#### Operating leases

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

#### Taxation

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

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

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

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

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

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

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

# Hykeham O&M Services Limited

## Notes to the financial statements For the year ended 31 December 2016

### 2. Accounting policies (continued)

#### Taxation (continued)

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

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

### 3. Critical accounting judgements and key sources of estimation uncertainty

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

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

There are no areas of significant judgement or specific estimates or assumptions relevant to the Company.

### 4. Turnover

All turnover was generated in the United Kingdom principally from performing the operations and maintenance contract in respect of the Lincolnshire EfW facility.

### 5. Profit/(loss) on ordinary activities before taxation

Profit/(loss) on ordinary activities before taxation is stated after charging:

	2016	2015
	£'000	£'000
Operating lease rentals	26	15

Auditor's remuneration in respect of audit fees totalling £5,000 (2015: £5,000) has been met by FCC Recycling (UK) Limited, a fellow subsidiary undertaking of FCC E UK.

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

# Hykeham O&M Services Limited

## Notes to the financial statements For the year ended 31 December 2016

### 6. Staff costs

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

	2016 Number	2015 Number
Operational	32	30

Their aggregate remuneration comprised:

	2016 £'000	2015 £'000
Wages and salaries	1,260	1,182
Social security costs	135	127
Other pension costs (see note 13)	85	77
	<u>1,480</u>	<u>1,386</u>

### 7. Directors' remuneration and transactions

None of the Directors received any remuneration or other benefits through the Company during the year ended 31 December 2016 or the previous financial year.

They are all remunerated as directors or employees of FCC E UK for services to the Group as a whole and as such it is not possible to directly attribute any element of their remuneration to services as a director of this Company.

### 8. Tax on profit/(loss) on ordinary activities

The tax position comprises:

	2016 £'000	2015 £'000
<b>Current tax</b>		
United Kingdom corporation tax at 20.0% (2015: 20.25%) based on profit/(loss) for the year	-	-
<b>Deferred tax</b>		

There is no provided or unprovided deferred tax in the current or previous financial year.

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

The total tax position for both the current and previous year differs from the average standard rate of 20.0% (2015: 20.25%) for the reasons set out in the following reconciliation:

# Hykeham O&M Services Limited

## Notes to the financial statements For the year ended 31 December 2016

### 8. Tax on profit/(loss) on ordinary activities (continued)

	2016 £'000	2015 £'000
<b>Profit/(loss) on ordinary activities before tax</b>	<b>479</b>	<b>(121)</b>
Tax on profit/(loss) on ordinary activities at average standard rate	96	(25)
Effects of:		
Expenses not deductible for tax	303	6
Group relief claimed	(399)	19
<b>Total tax position</b>	<b>-</b>	<b>-</b>

### 9. Debtors: amounts due within one year

	2016 £'000	2015 £'000
Amounts due from fellow subsidiary undertakings	4,640	2,721
Prepayments	3	6
	<b>4,643</b>	<b>2,727</b>

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

### 10. Creditors: amounts falling due within one year

	2016 £'000	2015 £'000
Trade creditors	68	17
Accruals	4,316	2,930
	<b>4,384</b>	<b>2,947</b>

### 11. Called-up share capital and reserves

	2016 £	2015 £
<b>Allotted, called-up and fully-paid</b>		
2 ordinary shares of £1 each	2	2

#### *Profit and loss account*

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



# Hykeham O&M Services Limited

## Notes to the financial statements For the year ended 31 December 2016

### 12. Operating lease commitments

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

	2016 £'000	2015 £'000
Not later than one year	3	3
Later than one year and not later than five years	7	10
	<u>10</u>	<u>13</u>

### 13. Retirement benefit schemes

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

#### Defined benefit schemes

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

Contributions to the scheme for the year are stated below. The agreed contribution rate which commenced from April 2013 is equivalent to 21% of pensionable member salaries per month. In addition, FCC E UK has agreed with the scheme trustee to pay an additional annual contribution of £900,000 until 2024 to meet the ongoing funding of the scheme.

An actuarial valuation of the scheme at 31 March 2012 indicated that the scheme was 70% funded based upon the minimum funding requirement basis. At 31 December 2016 the deficit on the FCC E UK section of the Citrus scheme, calculated on an FRS 17 basis, was £2,283,000 (2015: £2,737,000). There were no outstanding or prepaid contributions at either the beginning or end of the financial year.

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

	2016 £'000	2015 £'000
Defined contribution schemes	85	66
Citrus defined benefit multi-employer pension scheme	-	11
	<u>85</u>	<u>77</u>

# Hykeham O&M Services Limited

## Notes to the financial statements For the year ended 31 December 2016

### 14. Contingent liabilities

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

### 15. Related party transactions

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

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

### 16. Controlling party

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

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

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