

Registered number: 03184332

SUEZ Recycling and Recovery Surrey Limited
(formerly SITA Surrey Limited)

Annual report and financial statements

For the Year Ended 31 December 2015

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SUEZ Recycling and Recovery Surrey Limited

Company Information

Directors D Palmer-Jones
J Scanlon
F Duval (appointed 1 February 2016)

Company secretary M H Thompson

Registered number 03184332

Registered office SUEZ House
Grenfell Road
Maidenhead
Berkshire
SL6 1ES

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

SUEZ Recycling and Recovery Surrey Limited

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SUEZ Recycling and Recovery Surrey Limited

Strategic report For the Year Ended 31 December 2015

Business review

	2015	2014	
	£000	£000	Change
Turnover	90,938	62,257	+ 46%
Operating profit	6,668	4,214	+ 58%
Profit after tax	6,815	3,982	+ 71%
Shareholders funds	7,095	12,780	- 44%
Current assets as % of current liabilities	768%	759%	

The increase in turnover in the year is due to increase construction revenue from the development of the Surrey Eco-Park, there is a corresponding increase in cost of sales related to this. The margin taken on construction revenue is driving the higher increase in operating profit compared to turnover.

Shareholders' funds have increased in the year as a result of the profit recognised.

Principal risks and uncertainties

The SUEZ R&R UK 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 SUEZ R&R UK 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 SUEZ R&R UK Group the preferred employer in the waste management sector through its employment policies.

Competitive risks

Part of the SUEZ R&R UK 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.

SUEZ Recycling and Recovery Surrey Limited

Strategic report (continued) For the Year Ended 31 December 2015

Health and Safety risks

The SUEZ R&R UK Group acknowledges that its employees working within the waste management industry face significant potential hazards in their everyday work. The Group makes every effort to ensure that its Health and Safety policies are of the highest standard, are fit for purpose and are strictly adhered to on a daily basis.

Financial instrument risks.

The Group has established a risk and financial management framework whose primary objectives are to protect the Group from events that hinder the achievement of the Group's performance objectives.

Use of derivatives

On certain major contracts, the SUEZ R&R UK 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 29/03/16

and signed on its behalf.

F Duval
Director



SUEZ Recycling and Recovery Surrey Limited

Directors' report For the Year Ended 31 December 2015

The directors present their report and the financial statements for the year ended 31 December 2015.

With effect from 14 March 2016, the name of the company was changed from SITA Surrey Limited to SUEZ Recycling and Recovery Limited.

Principal activity

The company has a 25 year contract with Surrey County Council to manage and dispose of all municipal waste arising in the county. The company operates as part of the SUEZ Recycling and Recovery Holdings UK Limited Group ("SUEZ R&R UK Group"), the United Kingdom recycling and recovery business of SUEZ SA.

Results and dividends

The profit for the year, after taxation, amounted to £6,815 thousand (2014 - £3,982 thousand).

The directors do not recommend the payment of a dividend (2014 - £nil).

A interim dividend of £12,500,000 was declared and paid in the year end 31 December 2015.

Directors

The directors who served during the year were:

C Chapron (resigned 29 February 2016)
D Palmer-Jones
J Scanlon

No director who held office on 31 December 2015 had an interest in the company's shares either during the financial year or at 31 December 2015.

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.

SUEZ Recycling and Recovery Surrey Limited

Directors' report For the Year Ended 31 December 2015

Environmental matters

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

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

In 2015 the SUEZ R&R UK Group:

- Recycled and recovered 3,358,616 tonnes of the material we handled;
- Generated over 1,100,000 megawatt hours of electricity from our landfill gas and energy-from-waste facilities;
- 60,000 tonnes of compost produced;
- Only a 1% increase in Greenhouse Gas (GHG) emissions from vehicles on the previous year;
- Electricity produced increased by 46% from non-hazardous waste incineration;
- There has been a 12% decrease of waste disposed in non-hazardous waste landfills (includes municipal, I&C, Sludge and other inputs, excludes inert);
- There has been no variation in the amount of fuel used for collection vehicles;
- Waste prepared for Energy Recovery as Solid Recovered Fuels (SRF) produced from wood has increased by 29%;
- SUEZ Recycling and Recovery UK (formerly SITA UK), were recertified to the Carbon Trust Standard in 2014. This certified that SITA UK had shown a 32.7% Absolute reduction in tCO₂e based on the compliance period of 1 January 2012 to 31 December 2013. This certification corresponds to the footprint of all UK operations and is valid until 31 July 2016. SITA UK have been certified with the standard since 1 January 2010 and have committed to recertify in 2016.

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.

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.

Post balance sheet events

There have been no significant events affecting the Company since the year end.

SUEZ Recycling and Recovery Surrey Limited

**Directors' report
For the Year Ended 31 December 2015**

Directors' responsibilities statement

The directors are responsible for preparing the Strategic report, the Directors' report and the financial statements in accordance with applicable law and regulations.

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

Auditors

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

This report was approved by the board on 29/03/16

and signed on its behalf.

F Duval
Director



SUEZ Recycling and Recovery Surrey Limited

Independent auditor's report to the member of SUEZ Recycling and Recovery Surrey Limited

We have audited the financial statements of SUEZ Recycling and Recovery Surrey Limited for the year ended 31 December 2015, which comprises the Statement of comprehensive income, the Statement of financial position, Statement of changes in equity and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and the United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) including Financial Reporting Standard 101 'Reduced Disclosure Framework'.

Respective responsibilities of Directors and Auditor

As explained more fully in the Directors' responsibilities statement set out on page 5, 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 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 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 2015 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice including Financial Reporting Standard 101 "Reduced Disclosure Framework"; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Strategic report and the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements and the directors' report has been prepared in accordance with applicable legal requirements.

SUEZ Recycling and Recovery Surrey Limited

Independent auditor's report to the member of SUEZ Recycling and Recovery Surrey 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.



Jonathan Seaman (Senior statutory auditor)

for and on behalf of
Mazars LLP

Chartered Accountants and Registered Auditor

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

Date: 30 September 2016

SUEZ Recycling and Recovery Surrey Limited

**Statement of comprehensive income
For the Year Ended 31 December 2015**

	Note	2015 £000	2014 £000
Turnover	4	90,938	62,257
Cost of sales		(78,129)	(52,629)
Gross profit		12,809	9,628
Administrative expenses		(6,141)	(5,414)
Operating profit	5	6,668	4,214
Interest receivable and similar income	8	2,570	1,420
Interest payable and expenses	9	(2,160)	(564)
Profit on ordinary activities before taxation		7,078	5,070
Tax on profit	10	(263)	(1,088)
Profit for the year		6,815	3,982
Total comprehensive income for the year		6,815	3,982

All profit and comprehensive income is attributable to continuing activities

SUEZ Recycling and Recovery Surrey Limited
Registered number: 03184332

Statement of financial position
As at 31 December 2015

	Note	£000	2015 £000	£000	2014 £000
Current assets					
Stocks	12	8		12	
Debtors: amounts falling due after more than one year	13	54,346		22,621	
Debtors: amounts falling due within one year	13	19,767		7,939	
Cash at bank and in hand	14	1		1	
		<u>74,122</u>		<u>30,573</u>	
Creditors: amounts falling due within one year	15	(9,650)		(4,027)	
Net current assets			64,472		26,546
Creditors: amounts falling due after more than one year	16		(55,679)		(12,300)
			<u>8,793</u>		<u>14,246</u>
Provisions for liabilities					
Deferred taxation	18	(501)		(253)	
Other provisions	19	(1,197)		(1,213)	
			<u>(1,698)</u>		<u>(1,466)</u>
Net assets			7,095		12,780
Capital and reserves					
Called up share capital	20		-		-
Profit and loss account	21		7,095		12,780
			<u>7,095</u>		<u>12,780</u>

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

29/03/16

F Duval
Director



The notes on pages 11 to 27 form part of these financial statements.

SUEZ Recycling and Recovery Surrey Limited

**Statement of changes in equity
For the Year Ended 31 December 2015**

	Share capital £000	Retained earnings £000	Total equity £000
At 1 January 2015	-	12,780	12,780
Comprehensive income for the year			
Profit for the year	-	6,815	6,815
Total comprehensive income for the year	-	6,815	6,815
Dividends: Equity capital	-	(12,500)	(12,500)
Total transactions with owners	-	(12,500)	(12,500)
At 31 December 2015	-	7,095	7,095

**Statement of changes in equity
For the Year Ended 31 December 2014**

	Share capital £000	Retained earnings £000	Total equity £000
At 1 January 2014	-	8,798	8,798
Comprehensive income for the year			
Profit for the year	-	3,982	3,982
Total comprehensive income for the year	-	3,982	3,982
Total transactions with owners	-	-	-
At 31 December 2014	-	12,780	12,780

The notes on pages 11 to 27 form part of these financial statements.

SUEZ Recycling and Recovery Surrey Limited

Notes to the financial statements For the Year Ended 31 December 2015

1. General information

SUEZ Recycling and Recovery Surrey Limited is limited company incorporated and domiciled in the United Kingdom. These financial statements cover the individual entity. The address of its registered office and principal place of business is SUEZ House, Grenfell Road, Maidenhead, Berkshire SL6 1ES.

With effect from 14 March 2016, the name of the Company was changed from SITA Surrey Limited to SUEZ Recycling and Recovery Surrey Limited. The principal activities of the Company are waste management encompassing waste disposal collection and ancillary services.

The Company's intermediate parent company is SUEZ Recycling and Recovery Holdings UK Limited Limited, incorporated and registered in the United Kingdom, which owns 100% of the Company ordinary share capital. The ultimate parent company is SUEZ SA, a company incorporated and registered in France.

The smallest Group in which the Company is incorporated into is SUEZ Recycling and Recovery Holdings UK Limited and the largest is SUEZ SA. The consolidated financial statements of SUEZ SA may be obtained from Tour CB21, 16 Place de L'Iris, 92040 Paris La Defense Cedex, France.

The financial statements have been presented in Pounds Sterling as this is the functional currency of the Company and all values are rounded to the nearest thousand pounds (£000) except when otherwise indicated.

2. Accounting policies

2.1 Basis of preparation of financial statements

These financial statements have been prepared in accordance with Financial Reporting Standard 101 'Reduced Disclosure Framework' (FRS 101) and the Companies Act 2006. The recognition, measurement and disclosure requirements of International Financial Reporting Standard as adopted by the EU (EU adopted IFRS) have been applied to these financial statements and, where necessary, amendments have been made in order to comply with the Companies Act 2006 and The Large and Medium sized Companies and Groups Regulations 2008/410 ('Regulations').

These financial statements have been prepared under the historical costs convention.

The preparation of financial statements in compliance with FRS 101 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the company's accounting policies (see note 3).

First time application of FRS 100 and FRS 101

In the current year the Group has adopted FRS 100 and FRS 101. In previous years the financial statements were prepared in accordance with applicable UK accounting standards.

This change in the basis of preparation has not materially altered the recognition and measurement requirements previously applied in accordance with UK GAAP. Consequently the principal accounting policies are unchanged from the prior year. The change in basis of preparation has enabled the Company to take advantage of all of the available disclosure exemptions permitted by FRS 101 in the financial statements, the most significant of which are summarised below.

There have been no other material amendments to the disclosure requirements previously applied in accordance with UK GAAP (see note 26).

Notes to the financial statements
For the Year Ended 31 December 2015

2. Accounting policies (continued)

2.2 Financial reporting standard 101 - reduced disclosure exemptions

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

- the requirements of IFRS 7 Financial Instruments: Disclosures.
- the requirements of paragraphs 91-99 of IFRS 13 Fair Value Measurement.
- the requirement in paragraph 38 of IAS 1 'Presentation of Financial Statements' to present comparative information in respect of:
 - paragraph 79(a)(iv) of IAS 1;
 - paragraph 73(e) of IAS 16 Property, Plant and Equipment; and
 - paragraph 118(e) of IAS 38 Intangible Assets.
- the requirements of paragraphs 10(d), 10(f), 16, 38A, 38B, 38C, 38D, 40A, 40B, 40C, 40D, 111 and 134-136 of IAS 1 Presentation of Financial Statements.
- the requirements of IAS 7 Statement of Cash Flows.
- the requirements of paragraphs 30 and 31 of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors.
- 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.
- the requirements of paragraphs 134(d)-134(f) and 135(c)-135(e) of IAS 36 Impairment of Assets.
- the requirements of paragraphs 6 to 21 of IFRS 1 First-time adoption of International Financial Reporting.

The company has **NOT** taken advantage of the following disclosure exemptions under FRS 101:

- the requirements of paragraphs 45(b) and 46-52 of IFRS 2 Share based payment
- 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
- the requirements of paragraph 33(c) of IFRS 5 Non Current Assets Held For Sale and Discontinued Operations
- the requirement in paragraph 38 of IAS 1 'Presentation of Financial Statements' to present comparative information in respect of:
 - paragraphs 76 and 79(d) of IAS 40 Investment Property; and
 - paragraph 50 of IAS 41 Agriculture.

Notes to the financial statements
For the Year Ended 31 December 2015

2. Accounting policies (continued)

2.3 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before revenue is recognised:

Rendering of services

Revenue from a contract to provide services is recognised in the period in which the services are provided in accordance with the stage of completion of the contract when all of the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the Company will receive the consideration due under the contract;
- the stage of completion of the contract at the end of the reporting period can be measured reliably, and;
- the costs incurred and the costs to complete the contract can be measured reliably.

2.4 Stocks

Stocks relate to spare parts and fuel and are valued at cost after making due allowance for obsolete and slow moving items. Cost is based on the cost of purchase on a first in, first out basis.

2.5 Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

2.6 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

Notes to the financial statements
For the Year Ended 31 December 2015

2. Accounting policies (continued)

2.7 Financial instruments

The Company recognises financial instruments when it becomes a party to the contractual arrangements of the instrument. Financial instruments are de-recognised when they are discharged or when the contractual terms expire. The Company's accounting policies in respect of financial instruments transactions are explained below:

Financial assets

The Company classifies all of its financial assets as loans and receivables.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise principally through the provision of goods and services to customers (e.g. trade receivables), but also incorporate other types of contractual monetary asset. They are initially recognised at fair value plus transaction costs that are directly attributable to their acquisition or issue, and are subsequently carried at amortised cost using the effective interest rate method, less provision for impairment.

Impairment provisions are recognised when there is objective evidence (such as significant financial difficulties on the part of the counterparty or default or significant delay in payment) that the Company will be unable to collect all of the amounts due under the terms receivable, the amount of such a provision being the difference between the net carrying amount and the present value of the future expected cash flows associated with the impaired receivable. For trade receivables, which are reported net, such provisions are recorded in a separate allowance account with the loss being recognised within administrative expenses in the Income statement. On confirmation that the trade receivable will not be collected, the gross carrying value of the asset is written off against the associated provision.

Financial liabilities

The Company classifies all of its financial liabilities as liabilities at amortised cost.

At amortised cost

Financial liabilities at amortised cost including bank borrowings are initially recognised at fair value net of any transaction costs directly attributable to the issue of the instrument. Such interest bearing liabilities are subsequently measured at amortised cost using the effective interest rate method, which ensures that any interest expense over the period to repayment is at a constant rate on the balance of the liability carried into the Statement of financial position.

2.8 Creditors

Creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers

Creditors are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

2. Accounting policies (continued)

2.9 Finance costs

Finance costs are charged to the Income statement over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

2.10 Dividends

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders at an annual general meeting. Dividends on shares recognised as liabilities are recognised as expenses and classified within interest payable.

2.11 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 SUEZ Recycling and Recovery UK Group defined benefit pension schemes and the pension charge is based on full actuarial valuations dated between 31 March 2011 and 5 April 2013. These are scheme under common control, 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.

Notes to the financial statements
For the Year Ended 31 December 2015

2. Accounting policies (continued)

2.12 Service concession financial asset

In accordance with IFRIC 12 and the various provisions of IFRS, the Company has determined the appropriate treatment of the principal assets of, and income streams from, PFI and similar contracts.

Results of all service concessions which fall within the scope of IFRIC12 conform to the following policies depending on the rights to consideration under the service concessions:

Service concessions treated as financial assets

The Company recognises a financial asset arising from a service concession arrangement when it has an unconditional contractual right to receive cash or another financial asset from, or at the direction of, the grantor for the construction or upgrade services provided.

Revenue is recognised by allocating a proportion of total cash receivable to construction income and service income. The consideration received will be allocated by reference to the relative fair value of the services delivered, when the amounts are separately identifiable.

During the operational stage, cash received in respect of the service concessions is allocated to service and maintenance revenue based on its fair value, with the remainder being allocated between capital repayment and interest income using the effective interest method.

The financial assets are held as loans or receivables in accordance with IAS39: 'Financial instruments: Recognition and measurement'. Financial Assets are recognised initially at fair value. Subsequent to initial recognition, they are measured at amortised cost using the effective interest method less any impairment losses.

The Company has entered into a contract to provide waste management services on behalf of Surrey County Council. The Company is contractually obliged to design, build and operate waste facilities, including household waste recycling centres, materials recycling centres, transfer stations and an Eco-Park on behalf of Surrey County Council, and has the right to use these facilities to provide waste management services. The grantor (Surrey County Council) has agreed to provide a minimum guaranteed tonnage of waste to the facility and will pay a fixed price per tonne for this level of waste, with any further tonnage being subject to a different rate. The Company in return, will remove and treat the waste and is obliged to maintain the facilities under lifecycle clauses within the contract.

The Company has the right to both accept and process third party waste, and to generate electricity revenues at the waste facilities.

There are provisions in the contract for termination (and related compensation) in the event of default or voluntary termination by the operator or grantor. There is provision in the contract for an extension of the contract period. The contract specifies that the waste management facilities are to be returned to Surrey County Council at the end of the contract in an appropriate condition.

The service arrangement has been classified as a financial asset under IFRIC 12 due to the highly guaranteed nature of the expected revenues from the contract, which are expected to cover the fair value of the construction services.

2.13 Interest income

Interest income is recognised in the Income statement using the effective interest method.

Notes to the financial statements
For the Year Ended 31 December 2015

2. Accounting policies (continued)

2.14 Provisions for liabilities

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% (2014 - 2.90%) and discounted by 4.53% (2014 - 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.

2.15 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in the Income statement, except that a change attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the Company operates and generates income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Statement of financial position date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

SUEZ Recycling and Recovery Surrey Limited

Notes to the financial statements For the Year Ended 31 December 2015

3. Judgments in applying accounting policies and key sources of estimation uncertainty

Due to uncertainties inherent in the estimation process, the Company regularly revises its estimates in light of currently available information. Final outcomes could differ from those estimates.

The key estimates used by the Company in preparing the Financial Statements relate mainly to:

- the measurement of the recoverable amount of property, plant and equipment and inventories.
- the measurement of provisions.
- the measurement of financial instruments.
- recognition of deferred tax asset.

As well as relying on estimates, the Company management also makes judgments to define the appropriate accounting treatment to apply to certain activities and transactions, when the effective IFRS standards and interpretations do not specifically deal with the related accounting issue.

This particularly applies in relation to the recognition of concession arrangements.

4. Analysis of turnover

An analysis of turnover by class of business is as follows:

	2015 £000	2014 £000
Rendering of services	61,120	56,822
Construction revenue	29,819	5,434
	<u>90,939</u>	<u>62,256</u>

All turnover arose within the United Kingdom.

5. Operating profit

The operating profit is stated after charging:

	2015 £000	2014 £000
Operating lease rentals - plant & machinery	1,344	975
Cost of stocks recognised as an expense	<u>415</u>	<u>584</u>

During the year, no director received any emoluments (2014 - £NIL).

6. Auditors' remuneration

For the year ended 31 December 2015 and the prior year, auditor's remuneration was borne by a fellow group company.

The company has taken advantage of the exemption not to disclose amounts paid for non audit services as these are disclosed in the group accounts of the parent company.

SUEZ Recycling and Recovery Surrey Limited

**Notes to the financial statements
For the Year Ended 31 December 2015**

7. Employees

Staff costs were as follows:

	2015 £000	2014 £000
Wages and salaries	4,305	4,111
Social security costs	435	398
Cost of defined contribution scheme	170	154
	<u>4,910</u>	<u>4,663</u>

All employees are employed by SUEZ Recycling and Recovery UK Limited and paid by SUEZ Recycling and Recovery 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:

	2015 No.	2014 No.
Operational	147	146
Administrative and management	18	16
	<u>165</u>	<u>162</u>

8. Interest receivable

	2015 £000	2014 £000
Interest receivable from group companies	58	19
Interest on service concession financial asset	2,512	1,401
	<u>2,570</u>	<u>1,420</u>

9. Interest payable and similar charges

	2015 £000	2014 £000
Discount on provisions	48	55
Loans from group undertakings	2,013	410
Other interest payable	99	99
	<u>2,160</u>	<u>564</u>

SUEZ Recycling and Recovery Surrey Limited

**Notes to the financial statements
For the Year Ended 31 December 2015**

10. Taxation

	2015	2014
	£000	£000
Corporation tax		
Current tax on profits for the year	507	1,021
Adjustments in respect of previous periods	(493)	(6)
	<u>14</u>	<u>1,015</u>
Total current tax	<u>14</u>	<u>1,015</u>
Deferred tax		
Origination and reversal of timing differences	276	67
Adjustments in respect of prior periods	(27)	6
Total deferred tax	<u>249</u>	<u>73</u>
Taxation on profit on ordinary activities	<u>263</u>	<u>1,088</u>

Factors affecting tax charge for the year

The tax assessed for the year is lower than (2014 - *lower than*) the standard rate of corporation tax in the UK of 20.25% (2014 - 21.5%). The differences are explained below:

	2015	2014
	£000	£000
Profit on ordinary activities before tax	<u>7,079</u>	<u>5,070</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 20.25% (2014 - 21.5%)	1,433	1,090
Effects of:		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	(186)	3
Adjustments to tax charge in respect of prior periods	(520)	-
Discount on tax losses	(404)	-
Change in taxation rate	(60)	(5)
Total tax charge for the year	<u>263</u>	<u>1,088</u>

SUEZ Recycling and Recovery Surrey Limited

**Notes to the financial statements
For the Year Ended 31 December 2015**

10. Taxation (continued)**Factors that may affect future tax charges**

The UK corporation tax rate decreased from 21% to 20% from 1 April 2015. 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 19% from 1 April 2017 and 18% from 1 April 2020 had been enacted at the balance sheet date and the deferred tax balance has been adjusted to reflect this change.

Further reductions in the rate to 17% from 1 April 2020 have now been announced but not substantively enacted at the balance sheet date, and are therefore not recognised in these financial statements.

11. Dividends

	2015 £000	2014 £000
Dividends paid on ordinary shares - £12,500,000 per share (2014 - £nil)	12,500	-
	<u>12,500</u>	<u>-</u>

12. Stocks

	2015 £000	2014 £000
Raw materials and consumables	8	12
	<u>8</u>	<u>12</u>

In the year ended 31 December 2015 £415,000 (2014: £584,000) was the amount of inventory recognised as an expense. £nil has been written down in the year (2014: £nil).

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

SUEZ Recycling and Recovery Surrey Limited

**Notes to the financial statements
For the Year Ended 31 December 2015**

13. Debtors

	2015 £000	2014 £000
Due after more than one year		
Service concession financial asset	54,346	22,621
	54,346	22,621
	2015 £000	2014 £000
Due within one year		
Amounts owed by group undertakings	11,011	2,527
Other debtors	3,584	788
Prepayments and accrued income	4,744	4,038
Service concession financial asset	428	586
	19,767	7,939

14. Cash and cash equivalents

	2015 £000	2014 £000
Cash at bank and in hand	1	1
	1	1

15. Creditors: Amounts falling due within one year

	2015 £000	2014 £000
Corporation tax	346	1,024
Other creditors	-	32
Accruals and deferred income	9,304	2,971
	9,650	4,027

SUEZ Recycling and Recovery Surrey Limited

**Notes to the financial statements
For the Year Ended 31 December 2015**

16. Creditors: Amounts falling due after more than one year

	2015 £000	2014 £000
Amounts owed to group undertakings	55,679	12,300
	<u>55,679</u>	<u>12,300</u>

Secured loans

Amounts owed to group undertakings relate to a loan which accrues interest at 4.97%.

The amount is repayable over 8 years starting at the latest on 31st December 2017.

17. Financial instruments

	2015 £000	2014 £000
Financial assets		
Financial assets measured at fair value through profit or loss	1	1
Service concession financial asset	54,774	23,207
Financial assets that are debt instruments measured at amortised cost	19,316	7,236
	<u>74,091</u>	<u>30,444</u>
Financial liabilities		
Financial liabilities measured at amortised cost	(64,983)	(15,303)
	<u>(64,983)</u>	<u>(15,303)</u>

Financial assets measured at amortised cost comprise of amounts owed by group undertakings, accrued income and other debtors.

Financial Liabilities measured at amortised cost comprise of owed to group undertakings, accruals and other creditors.

SUEZ Recycling and Recovery Surrey Limited

**Notes to the financial statements
For the Year Ended 31 December 2015**

18. Deferred taxation

	Deferred tax £000
At 1 January 2015	253
Charged to the profit or loss	(248)
At 31 December 2015	501

In respect of prior year:

	Deferred tax £000
At 1 January 2014	180
Charged to the profit or loss	73
At 31 December 2014	253

The provision for deferred taxation is made up as follows:

	2015 £000	2014 £000
Accelerated capital allowances	552	281
Other timing differences	(51)	(28)
	501	253

All of the deferred tax has been recognised through the income statement.

SUEZ Recycling and Recovery Surrey Limited

**Notes to the financial statements
For the Year Ended 31 December 2015**

19. Provisions

	Environment al and landfill costs £000
At 1 January 2015	1,213
Charged to the profit or loss	59
Utilised in year	(123)
Unwind of discount	48
At 31 December 2015	1,197

Environmental and landfill costs

The provision for environmental and landfill costs has been calculated in accordance with the accounting policy set out in note 2,14. 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.

20. Share capital

	2015 £	2014 £
Allotted, called up and fully paid		
1 ordinary share of £1	1	1

These shares carry no rights to fixed income or have any preferences or restrictions attached on them.

21. Reserves**Profit & loss account**

Profit & Loss account is distributable reserves made up of retained earnings.

22. Contingent liabilities

The company has contingent liabilities under performance bonds and guarantees issued in the normal course of business amounting to £260,000 (2014 - £172,000).

SUEZ Recycling and Recovery Surrey Limited

**Notes to the financial statements
For the Year Ended 31 December 2015**

23. 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 £170,000 (2014 - £137,000).

The company participates in SUEZ R&R UK Group defined benefit pension schemes and the pension charge is based on full actuarial valuations dated between 31 March 2011 and 5 April 2013. These are schemes under common control, the assets and liabilities of which are held separately from the Group.

There is no contractual arrangement or policy for charging the net benefit costs between the entities who participate in the scheme. The company has therefore recorded the contributions paid to the scheme as a charge to the income statement. Pension contributions are determined with the advice of independent qualified actuaries. The levels or contributions are based on the current service costs and the expected future cash flows of the defined benefit scheme.

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, SUEZ Recycling and Recovery Holdings UK Limited, at 31st December 2015 is £1,287,000 (2014: £3,621,000).

The pension cost charge represents contributions payable by the company to the funds and amounted to £1,000 (2014 - £17,000). It is not anticipated that future pension cost charges in SUEZ Recycling and Recovery Surrey Limited will increase significantly because of the net liability in the Group pension schemes. The total amount expected to be contributed by the SUEZ Recycling and Recovery Holdings UK Limited to the schemes in 2015 is £3,289,000 (2015 contributions - £3,031,000).

24. Commitments under operating leases

At 31 December 2015 the Company had future minimum lease payments under non-cancellable operating leases as follows:

	2015 £000	2014 £000
Plant and Machinery		
Not later than 1 year-	1,344	975
Later than 1 year and not later than 5 years	1,344	1,905
Total	2,688	2,880

SUEZ Recycling and Recovery Surrey Limited

**Notes to the financial statements
For the Year Ended 31 December 2015**

25. Controlling party

In the opinion of the directors, the company's ultimate parent company and ultimate controlling party is SUEZ Group SA, a company incorporated in France. The parent undertaking of the largest Group, which includes the company and for which Group accounts are prepared, is SUEZ SA, a company incorporated in France.

The parent undertaking of the smallest such Group is SUEZ Recycling and Recovery Holdings UK Limited, a company incorporated in England & Wales.

Copies of the Group financial statements of SUEZ SA are available from Tour CB21, 16 Place de L'Iris, 92040 Paris La defense Cedex, France. Copies of the Group financial statements of SUEZ Recycling and Recovery Holdings UK Limited are available from SUEZ House, Grenfell Road, Maidenhead, Berkshire, SL6 1ES.

26. First time adoption of FRS 101

The policies applied under the entity's previous accounting framework are not materially different to FRS 101 and have not impacted on equity or profit or loss.