

Registered number: 03184332

SUEZ Recycling and Recovery Surrey Limited

Annual report and financial statements

For the Year Ended 31 December 2021

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SUEZ Recycling and Recovery Surrey Limited

Company Information

Directors	J Scanlon G Mayson C Thorn
Company secretary	M H Thompson
Registered number	03184332
Registered office	SUEZ House Grenfell Road Maidenhead Berkshire SL6 1ES
Independent auditor	Mazars LLP 30 Old Bailey London EC4M 7AU

SUEZ Recycling and Recovery Surrey Limited

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SUEZ Recycling and Recovery Surrey Limited

Strategic report For the Year Ended 31 December 2021

Business review

	2021	2020	
	£000	£000	Change
Turnover	87,031	77,023	+ 13%
Operating profit	3,587	7,624	- 53%
Profit/(loss) after tax	(12,144)	(3,750)	+ 224%
Shareholder's deficit	(50,753)	(38,609)	+ 31%
Current assets as % of current liabilities	180%	422%	

During the year the Eco Park has continued to operate with additional development of the Anaerobic Digestion (AD) plant and Gasifier to refine performance and ensure successful reliability tests, which were performed and passed during the year, as detailed in note 3.

The increase in turnover is mainly due to increased construction revenue recognised, relating to the final milestones paid to M+W (the engineering and construction group) in 2021, with no milestone being paid in 2020. An increase in revenue from sale of recyclates and electricity has also contributed to the overall increase in revenue seen in 2021 compared to 2020, this has been driven by increased commodity prices for the recyclates and both increased volumes and increased energy prices for the electricity revenue.

The decrease in operating profit compared to last year is driven by this increased cost of sales as the ECO Park has continued to operate, with expected increase in Revenue not being seen as the dispute, as detailed below and in note 3, continues.

The increase in loss after tax in 2021 is attributable to the factors contributing to the decreasing operating profit described above, as well as higher impairment losses.

The Company and Surrey County Council dispute continues over the timing of when the Eco Park works reached "Acceptance" under the contract, which determines the Company's entitlement to increased contractual payments. The Company is seeking to resolve the matter in line with the contract's dispute resolution provisions. Further detail on the dispute and the directors' assessment of the impairment at the year end is contained in note 3.

Principal risks and uncertainties

The SUEZ Recycling and Recovery UK Group ('The 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 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 Group the preferred employer in the waste management sector through its employment policies.

Strategic report (continued)
For the Year Ended 31 December 2021

Competitive risks

Part of the Group's business involves contracts with local authorities which are subject to periodic competitive tender. Renewal of these contracts is uncertain and based on financial and performance criteria. The remaining business relies upon short-term contracts and non-contractual business from industrial and commercial customers, which is subject to normal price competition in the open market.

Legislative risks

The waste management business is subject to strict legislation and regulation. These standards are subject to continuous revision. Compliance with new standards can impose additional costs on the Group, and failure to comply could result in heavy penalties. The Group's management systems aim to ensure compliance with all relevant regulations.

Health and Safety risks

The 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 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. The Group benefits from a current account overdraft facility from its parent company in France which allows funds to be drawn down to meet day-to-day financial obligations, the Group also 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.

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.

COVID-19

The Board continued to closely monitor developments of the COVID-19 pandemic, managed through a Gold and Silver cell structure, implementing and improving the Business Continuity Plans for all sites and offices to ensure that they were COVID-19 secure, including the distribution of required Personal Protective Equipment (PPE) to ensure business continuity and the health and safety of all employees. These groups worked within the advice from the UK Group and Public Health England, having daily calls to determine any actions needed.

Operational update:

The year has seen the business face a number of challenges from the evolving COVID-19 pandemic, including, HGV driver shortages and fuel supply issues, particularly the hospitality sector, with service requirements

Strategic report (continued)
For the Year Ended 31 December 2021

changing throughout the year. Despite this, the municipal crews successfully managed higher tonnages and navigated the access issues created by the shift to more residents working from home.

This in turn affected our team in the customer hub who saw a large increase in calls from customers in one week. The introduction of our new, Customer Relationship Management (CRM) system, and new call centre system, is improving our customers' experience, with the hub team able to resolve more queries at first contact with the customer.

Against the pandemic backdrop, we started our retained contracts in Kensington and Chelsea, introduced new services and rolled out food waste collections in Bracknell and new contracts in Monmouthshire Household Waste Recycling Centre (HWRC) and South London Waste Partnership Street Sweepings. Our account managers and sales teams worked hard to retain 91.2% of our customers and win new contracts including Dry Mixed Recycling (DMR) contracts in Aberdeenshire, Highlands, Solihull and Blackburn and Darwen, amongst others.

One of our contract managers gave an interview on local BBC Radio to help highlight the impact of verbal and physical abuse on our crews and other frontline workers.

The Directors are proud of our teams who pulled together throughout the year to weather the various storms and maintaining essential services for our customers.

Ukraine Conflict

The Directors have considered the impact of the war in Ukraine on the Group in the UK. The Group is not directly reliant on Ukrainian or Russian suppliers or customers and as such the Group's exposure is mainly due to macroeconomic factors. Whilst inflationary pressure is being seen on labour, fuel and raw materials costs, the Group has some protection due to many of its contracts with public bodies also being index linked. The Group has no variable rate debt and as such is not exposed to any increased interest costs should interest rates rise further.

The Group has made a donation to the Disasters Emergency Committee fundraising programme in response to the Ukraine crisis, and has enabled employees to do likewise through payroll giving. Many of our sites have collection points for clothing and other practical items which have been donated by members of the public. The Group also continues its Wellbeing programme to support employees who have been affected by the crisis.

Section 172 statement

The Directors are aware of their duty under section 172 of the Companies Act 2006 (as amended) (the Act) to act in a way which they consider good faith and would be most likely to promote the success of the Company for the benefit of the shareholders as a whole. The Board approaches its decision making having regard to the matters set out in section 172(1) (a) – (f) of the Act, ensuring wider stakeholder engagement, as set out in the below examples.

S172(1)(a) The likely consequences of any decision in the long term

During the year, the Directors, in consultation with the senior management of the Company, developed and approved business plans and targets for the current and proceeding financial years. Following which, the Directors closely monitored the Company's implementation throughout the year.

In developing such business plans and targets, the Directors, in addition to considering the views of stakeholders and the wider SUEZ Recycling and Recovery UK Group (the 'UK Group') objectives, also considered other factors such as economic, political and ongoing challenges within the waste management sector to ensure both financial and operating strategy are set at sustaining levels in achieving the long term success of the Company.

The focus of the Board has been the SUEZ/Veolia merger and to drive the UK Group towards achieving its goals alongside its commitment to improve in each of the following eight Critical Success Factors (CSFs):

Strategic report (continued)
For the Year Ended 31 December 2021

- Safety;
- Sustainable environment;
- Social value;
- Digitisation and data accuracy;
- Customer loyalty;
- Profitable business;
- Continuous improvement;
- Engaged and empowered people.

CSFs are the lens through which the Company judges how well the Company is meeting its goals and targets and provides an indication of how, and where, to prioritise future focus areas, particularly with regards to the SUEZ/Veolia merger.

The lean process is critical to improving our customer and employee value and it is the method of continuous improvement towards excellence through the alignment of the voice of customers, businesses, and shareholders. It is instrumental in developing our culture towards a lean and systems thinking approach. Periodic reviews are carried out and the Company will continue to focus on analysing processes and organising workplaces to improve efficiency at an operational and local department level.

The Directors of the Company delegated certain duties and responsibilities to various committees, further details can be found on pages 4 of the strategic report, and received regular and timely information (at least monthly) on all key aspects of the business including health and safety, risks and opportunities, the financial performance of the business, strategy, operational matters, market conditions and sustainability.

In addition to the above the following were part of a list of strategic priorities identified by the Directors and senior management throughout 2021 including:

- Development of The SUEZ Way and The SUEZ Way management system;
- Development and roll out of The SUEZ Way Leadership Programme;
- Supporting SUEZ Performance and Operations Transformation (SPOT) 2023, the Group's transformation performance plan focused on how to work together as efficiently and effectively as possible for the benefit of our customers and shareholders;
- Delivery and implementation of UK Group's Six Golden Rules;
- Supporting sites with preparation for Lean maturity reviews;
- Maintaining the SUEZ Business System (SBS) audits;
- Delivery of the lean academy training programme.

S172(1)(b) The interests of the Company's employees

The Directors of the Company and senior management engage with, and take into account, the views of employees in making decisions which are likely to affect their interests through a number of initiatives including:

- Group-wide employee surveys as well as other ad-hoc surveys on employee experience and workplace related matters. In November 2021 a climate survey covering health, safety and wellbeing was carried out to determine how behaviours, values, tools, resources and the vision within the organisation is perceived by all employees;
- The SUEZ UK Works Council (SWC) established a forum for dialogue between people leaders and employees who through their representatives are informed and consulted on key business issues that are likely to have a substantial impact on their working environment as well as making recommendations to improve employee experience and well-being. With regards to the SUEZ/Veolia merger, consultation with the European Works Council (EWC) started on 6 May 2021. The EWC is the European equivalent of our SWC upon which two of our SWC representatives also sit. This is an important process where more information around the specific details of the transaction was discussed and consulted upon. Similarly, in the UK we followed the procedures laid down within the SWC constitution and consulting on the process with the UK works council;

Strategic report (continued)
For the Year Ended 31 December 2021

- Regular employee communications including newsletters and business updates;
- The SUEZ Way Leadership programme for senior management was launched in 2021, developed by the Transformation and Learning and Development teams, with the aim to develop our managers' lean leadership capabilities so we have consistent working practices throughout the Company. The course consists of two modules – a foundation module that will provide a refresher on leadership best practice, followed by a module that blends this learning with advanced lean leadership;
- Supporting a growing number of active employee-led networks on matters including diversity and inclusion, gender equality, LGBT+ and religious and cultural understanding;
- Supporting a number of group-wide and local health and wellness initiatives which includes encouraging employees to volunteer, focus on physical or emotional health, or spend time on personal and/or career development; and
- The group-wide Inclusion and Diversity Council is made up of team members from across the Group's business and functions who create and review detailed plans to ensure accountability and achievement of diversity goals across the Group.

S172(1)(c) The need to foster the Company's business relationships with suppliers, customers and others

The Directors oversaw a broad program of stakeholder engagement by the Company in ensuring good corporate citizenship as well as bilateral and multilateral dialogue with key stakeholders throughout the year as follows:

- The Directors and senior management regularly engaged and consulted with the Company's customers, suppliers and partners in a variety of forums and through everyday operations to obtain feedback, build closer relationships and resolve day-to-day business matters. The Company employed various customer experience insight tools and obtained customer satisfaction and other related data through customer surveys. The insight tools enabled us to identify customer needs and build customer value propositions and services tailored to meet these. Understanding performance of our Customer Standards from customers' perspective, gives key insights to direct continuous improvement activities through transformation projects or/and small incremental changes. The insight supports our efforts to make it easy for our customers to deal with us – one of the fundamental customer needs and supports our continuous service improvement and relationships deepening efforts;
- The Company participated in a number of customer and industry events at a local and group-wide level including presenting at the 26th United Nations Climate Change Conference of the Parties (COP26) live event in Glasgow focusing on the resources sector and its involvement in the decarbonisation objectives set out by COP and hosting a site visit and tour of our engineering facilities at Packington Landfill near Birmingham by the Worcestershire branch of the Institute of Mechanical Engineers (IMechE);
- Government and industry engagement is regularly undertaken including through membership of recognised organisations such as the Environmental Services Association (ESA), Chartered Institution of Wastes Management (CIWM), and local authority trade bodies such as the Association of Directors of Environment, Economy, Planning and Transport (ADEPT), Local Government Organisation (LGA), The Local Authority Recycling Advisory Committee (LARAC), Confederation of British Industry and Let's Recycle; and
- The Company's Compensation and Benefits functions regularly engaged with, and where appropriate consulted, the trustees of the Company's pension schemes, updating and consulting the Board, as appropriate on key matters and decisions.

S172(1)(d) The impact of the Company's operations on the community and the environment

The Company and our employees believe it is important to give something back to the communities we work in and to society. We do this in many ways. We organise these activities into a programme under our corporate responsibility strategy and call it 'Giving Something Back'. The programme aims to encourage everyone in the Company to get involved with local causes and support national charities.

Engagement normally takes place locally through our local offices and sites, with many individuals from our

Strategic report (continued)
For the Year Ended 31 December 2021

operations and the planning team having regular two-way conversations with community representatives to discuss our activities and the local topics that impact us both. The Science, Technology, Engineering and Mathematics (STEM) programme helps to improve the learning and career prospects of local people at the same time as enhancing our reputation and helping to develop our people, our education programmes, community consultation and involvement through various community Trusts. In 2021 we supported the annual one day schools STEM event at the 'Festival of Innovation' in Malvern Worcestershire at which a STEM Ambassador staffed an Institute of Mechanical Engineers' stand and, although attendance was down from over 800 students to 240, this face-to-face event was positively received.

We maintain a collaborative and positive relationship with our key environmental regulators, the Environment Agency and Scottish Environmental Protection Agency. More details of how the Company promotes its purpose of protecting our environment by putting waste to good use is set out in the Environmental matters section of the Directors' report (page 10).

Using the Social Profit Calculator tool, the UK Group can now understand and demonstrate the social value created at the level of a local community or individual project, as well as Company-wide. We know the social value commitments we make to our clients and this is guiding decision-making across the business. Our four values are:

- Having passion for the environment by contributing to preserving and restoring the planet's natural capital,
- Putting the customer first by being accountable and open-minded developing a partnership culture to provide the best solutions for our customers and clients,
- Respect by caring for the safety and wellbeing of everyone, acting ethically and with integrity and respecting diversity of skills, personalities and background, and
- Team spirit by learning from and trusting others.

The UK Group agreed a renewable electricity self-supply deal, which enables SUEZ to power UK operations with 100% own-generated renewable electricity. Thereby reducing the businesses impact on the environment when compared with non-renewable sources.

As a net exporter of energy with over 300 sites in the UK, many of which generate renewable electricity, SUEZ aims to close the loop by using own-generated electricity from its facilities to power all business operations in the UK. The renewable electricity generated by us is a combination of energy generated from energy-from-waste facilities (Efw) and landfill gas sites. In the UK, approximately 10% of the renewable electricity generated is supplied directly back to the business through the self-supply deal.

SUEZ receives a Renewable Energy Guarantee of Origin (REGO) certificate for every megawatt hour of renewable electricity generated, from the regulator, Ofgem, which verifies that the electricity is 100% renewable. SUEZ is able to supply the rest of the business and operations at all of its 300 sites across the UK with own-generated renewable power. This includes self-supply to large Private Finance Initiative (PFI) waste contracts, including Greater Manchester, Cornwall and West London. As the deal is REGO certified, the electricity is guaranteed as 100% renewable.

Under Sustainable Environment we celebrated biodiversity improvements across the business including:

- The team from our road sweeping facility in Walsall demonstrated the UK Group's commitment to sustainability and social value by helping a local infant school go green by donating upcycled planters, bird boxes, bug hotels and water bottles;
- Significantly reduced fly-tipping around the river water pumping station in Bolton where we supply power to the Council's CCTV system;
- Flora and fauna around the various sites including Tees Valley and Maidenhead are developing nicely;
- Five beehives installed at Seghill in collaboration with a local beekeeping society have already started producing honey and the enhancement of our biodiversity programme.

We also launched our Sustainable Environment Activity Tracker (SEAT) app which makes it easier for our

Strategic report (continued)
For the Year Ended 31 December 2021

employees to capture and communicate all the positive social and environmental actions we undertake. The data from the app is used to identify and promote good ideas and practices across the business and for our sustainability report and social profit calculations to ensure we are calculating our future social profit based on all of our activities. At the end of 2021 there were 2578 completed events recorded in the SEAT. We began recruiting for our Sustainability Champions as well as continuing our charity endeavours raising £165,789 for our corporate charity partner, Macmillan Cancer Support!

Throughout the year, the Directors and management of the Company actively encouraged the Company's employees to participate in a number of activities including:

- The UK Group allows employees of the Company to donate their time and talent to their local community;
- The Company and its workforce participated in group-wide Global Day initiative through a number of UK sponsored events which helped various charitable causes and local communities; and
- Throughout the year, despite the pandemic, our employees found ways to improve our environment and support our local communities from litter picks and creating habitats for wildlife, to supporting local charities and projects with schools.

The UK Group is committed to providing products and services that are environmentally safe throughout their lifecycles and conduct operations in an environmentally responsible and sustainable manner.

Accordingly, the Company participates in a number of group-wide initiatives on environmental responsibility and sustainability, further details of which can be found in our sustainability report for 2021 which went live in October 2021 and is available to download from our website www.suez.co.uk.

S172(1)(e) The desirability of the Company maintaining a reputation for high standards of business conduct

The UK Group has group-wide policies as well as mandatory annual Ethics training which apply to the Company's entire workforce and govern business practices and provides guidance for ethical decision making. These group-wide policies govern conduct with the Company's customers, suppliers, partners as well as matters relating to anti-corruption, conflicts of interest, amenities, workplace harassment and supply chain responsibility amongst many other key matters.

The UK Group has a separately designated standing Audit team and function which continuously throughout the year, on a weekly basis, conducts internal compliance audits of the UK Group's business operations and functions including those of the Company.

Every person in their day-to-day behaviour, in the way they perform their roles and responsibilities and in their business dealings with others, must apply the UK Group's values and ethics principles, which are:

- Acting in accordance with laws and regulations;
- Establishing a culture of integrity;
- Behaving fairly and honestly;
- Respecting others.

Each person should seek to use good sense and judgment in his/her actions, which is why it is normal and natural to discuss the ethical questions and dilemmas inherent in any professional activity with colleagues and line managers. Identifying ethical conduct and avoiding mistakes are processes that contribute to the pursuit of excellence. Ethical behaviour requires both personal and team commitment.

S172(1)(f) The need to act fairly as between members of the Company

For the year under review, we have been a wholly owned subsidiary within the SUEZ Recycling and Recovery UK Group (the UK Group). With the Chief Executive Office and the Finance Director also sitting on our Board. Relevant decisions of the Board are also discussed, where relevant, at the meetings of the Parent Company Board.

SUEZ Recycling and Recovery Surrey Limited

Strategic report (continued)
For the Year Ended 31 December 2021

This report was approved by the board on

and signed on its behalf.

Chris Thorn

Chris Thorn (Sep 28, 2022 19:49 GMT+1)

C Thorn
Director

SUEZ Recycling and Recovery Surrey Limited

Directors' report For the Year Ended 31 December 2021

The directors present their report and the financial statements for the year ended 31 December 2021.

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;
- 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 to 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.

Principal activity

The Company has a 25 year contract, signed in 1999, with Surrey County Council to construct, finance and operate waste disposal sites in the county. The Company operates as part of the SUEZ Recycling and Recovery UK Group ("The Group").

Results and dividends

The loss for the year, after taxation, amounted to £12,144,000 (2020 - loss £3,750,000).

The directors do not recommend the payment of a dividend (2020 - £Nil).

Directors

The directors who served during the year were:

F Duval (resigned 31 October 2021)
J Scanlon
C Thorn
G Mayson

No director who held office on 31 December 2021 had an interest in the Company's shares either during the financial year or at 31 December 2021.

SUEZ Recycling and Recovery Surrey Limited

Directors' report (continued)
For the Year Ended 31 December 2021

Environmental impact

Statement of carbon emissions in compliance with Streamlined Energy and Carbon Reporting (SECR) covering energy use and associated greenhouse gas emissions relating to gas, electricity and transport, intensity ratios and information relating to energy efficiency actions.

	2021	2020
Total energy consumption used to calculate emissions (kwh)	6,436,038,449	6,621,617,359
Emissions from the combustion of landfill gas & biogas (tCO ₂ e) (Scope 1)	43	40
Emissions from combustion of gas (tCO ₂ e) (Scope 1)	2,949	4,803
Emissions from combustion of fuel for transport purposes (tCO ₂ e) (Scope 1)	38,242	55,328
Emissions from business travel in rental cars or employee-owned vehicles where company is responsible for purchasing the fuel (tCO ₂ e) (Scope 3)	356	690
Emissions from purchased electricity (tCO ₂ e) (Scope 2, location-based)	12,122	17,381
Total gross CO ₂ e ((tCO ₂ e)	932,700	863,843
Intensity ratio: tCO ₂ e gross figure	0.81	0.79

Methodology

Carbon emissions reported using the GHG Protocol Corporate Accounting and Reporting.

Standard Revised Edition together with the carbon conversion factors published by the UK's Department for Business, Energy and Industrial Strategy (BEIS) in July 2020. Where UK Government factors are unavailable, the Entreprises pour l'Environnement (EpE) Protocol for the Quantification of Greenhouse Gas Emissions from Waste management Activities - Version 5 - October 2013 tool has been used which has the 'Built on the GHG Protocol' label.

Energy Efficiency Action

The Company will seek to minimise adverse impacts on the environment from its activities, whilst continuing to address health, safety and economic issues. The Company has complied with all applicable legislation and regulations.

Future developments

There is uncertainty around the dispute and legal proceedings with Surrey County Council, as detailed in note 3 and note 23. Decisions to be made by the directors on the future direction and strategy of the Company is somewhat dependent on the outcome of this dispute. Support from the Group remains for the foreseeable future.

SUEZ Recycling and Recovery Surrey Limited

Directors' report (continued) For the Year Ended 31 December 2021

Going Concern

The Company's going concern is intrinsically linked to the performance, risks and going concern of the SUEZ Recycling and Recovery UK Group ("The Group"). The Group has considerable financial resources together with long term contracts with a number of customers across different geographic areas and within different sectors of the recycling industry. As a result, the directors believe that The Group is well placed to manage its business risks successfully despite the current uncertain economic outlook.

At 31 December 2021 the Company had net liabilities of £36,687,000 (2020 - £38,609,000). The directors are of the opinion that the going concern basis continues to be the appropriate basis for the preparation of the financial statements as SUEZ UK Group Holdings Limited has confirmed its intention and ability to provide such financial support as may be necessary to allow the Company to continue to operate as a going concern and to meet all of its obligations in full until the change of ownership to SUEZ S.A as described below. SUEZ UK Group Holdings Limited, has also confirmed that the Company will not be required to pay amounts due to other group undertakings unless the Company has sufficient funds to pay other creditors in full, during this period.

Following the change in ownership post year end (note 23), The Group now benefits from a current account overdraft facility from the French parent company SUEZ SA, now known as Vigie SA (ultimately owned by Veolia Environnement SA) to finance day to day activities. This facility is held by SUEZ UK Group Holdings Limited. It also benefits from long term loans with SUEZ SA, now known as Vigie SA (ultimately owned by Veolia Environnement SA) regarding some of our major infrastructure projects. The loans are subject to contractual terms and repayment schedules in line with the operational activities of the infrastructure that they finance.

The Group currently has no external (non group) loans in place. Cashflow forecasts for The Group show that it is not expected that the overdraft facility with Veolia will be breached in the next 12 months, with significant headroom for any unknown events also. Therefore no sensitivity analysis has been performed.

On 25th August 2022 the UK Competition and Markets Authority (CMA) concluded that Veolia will be required to sell its interests in SUEZ Recycling and Recovery activities in the UK to remedy the competition concerns found. Veolia is obliged to continue its financial support to SUEZ Recycling and Recovery activities in the UK until this sale is complete via the current account overdraft facility currently in place. Thereafter, The Group will require funding from its new owners or from external finance markets. Veolia has agreed to sell its interest in SUEZ Recycling and Recovery activities in the UK to SUEZ S.A subject to CMA approval. This is expected to be via the sale of the immediate holding company SUEZ Recycling & Recovery UK Group Holdings Limited.

SUEZ Recycling and Recovery Holdings UK has agreed Outline Heads of Terms with a UK bank for an overdraft facility of £75m should this be required following the change of ownership. Cashflow forecasts indicate adequate headroom between cash requirements over the next 12 months and the £75m overdraft limit. Long term loans currently held with Veolia will be taken on by the new owner with no changes in terms or conditions. Subsequent to the change in ownership, SUEZ Recycling and Recovery Holdings UK Limited has confirmed its intention and ability to provide such financial support as may be necessary to allow the Company to continue to operate as a going concern and to meet all of its obligations in full for the next twelve months from the signing date of these financial statements. SUEZ Recycling and Recovery Holdings UK Limited has also confirmed that the Company will not be required to pay amounts due to other group undertakings unless the Company has sufficient funds to pay other creditors in full, during this period.

Having made enquiries the directors have a reasonable expectation that the Company and The Group have adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the annual report and financial statements.

Directors' report (continued)
For the Year Ended 31 December 2021

Engagement with employees

The Company, as part of the UK Group, communicates to its employees through presentations, internal group-wide emails, newsletters, social media channels and blogs on our intranet. An annual employee conference, usually held at various local locations around the country, was delivered online this year due to COVID-19 with over 1200 employees attending, provides a briefing on the UK Group's performance, gives an update on any initiatives that are being introduced and allows individuals to raise questions and concerns.

The Board engaged directly with employees throughout 2021 via emails, social media channels and the blogs on our intranet, all of which give our employees the opportunity to interact with members of the Board and senior management.

The Board considers the results of all employee engagement as a good barometer of the workforce's confidence in the UK Group's strategic direction, optimism in the future and career opportunities. An overview of the cultural survey results will be published in a future edition of the H&S/Wellbeing Newsletter and the objectives will form part of future improvement plans.

In May 2021 a new step in the UK Group's health and safety training program was introduced to focus further on 'Situational Awareness'. This training targets the reduction of injuries experienced within waste collections and other areas of our business. This is an important step as some of the potentially serious incidents that happen could have been avoided if people had a better appreciation for what had been going on around them at the time. Through continued focus on incident prevention we have seen a slight reduction in our accident frequency rate of 1% within 2021. This rate has seen a continual decrease year on year since 2014, with a 48% decrease achieved in the last five years alone.

The Chief Executive Officer (CEO), Chief Human Resources Officer and members of the senior management team had calls/met with the SUEZ UK Works Council (SWC) to discuss, amongst other things, all matters relating to COVID-19 and the agreement for the sale of the SUEZ S.A Group (see note 23), including the UK Group to Veolia S.A., to ensure the Board responds to all matters that are important to all its employees.

Under the Engaged and Empowered people CSF, the UK Group ran 30, Wellness for All, webinars covering various topic including in November 2021, a look at cognitive variations such as dyspraxia, dyscalculia, dysgraphia, autism, ADHD and dyslexia, all of which sit under the umbrella title of Neurodiversity. The webinars were attended by around 1,700 people. Employees also saw the launch of the new rewards and benefits portal, You@SUEZ.

The Board has continued to maintain its emphasis on keeping employees engaged and in touch with each other. The various ways in which employees could keep up to date with key news relating to the business and give feedback includes:

Directors' report (continued)
For the Year Ended 31 December 2021

Engagement with employees (continued)

Communications from the CEO by email messages, webinars and video that were also made available on YouTube;

- Line managers – who provide employee feedback via members of the six regional silver command teams for each of our four regions, Weston and Maidenhead comprising the Gold Command members, Regional Directors and local health and safety, communications and HR representatives;
- Members of the silver and gold command, comprising the OpCom, Head of Health and Safety, Head of HR Operations, Legal & Environmental Director and Communications Director – via phone, email and the dedicated email address;
- SWC – the SWC representatives continued to make themselves available to take employee feedback and pass this back to the Board in its quarterly report and at monthly meetings with the Board during the year;
- Yammer – the social networking tool, also available on a smartphone, enabled employees to keep in touch, network and share ideas. This tool has been taken up by 1510 employees from all parts of the business, an increase from 139 in 2020. These employees are active as we have seen over 150 different new posts in a single month and 766 reactions to messages supporting each other during these unusual times;
- Microsoft Teams – the Office 365 app that has a range of tools designed for remote working via a chat function enabling video calls with multiple people and used for team catch ups and training;
- Intranet, SUEZ Life the employee magazine published quarterly, regional newsletters, the staff benefit and discount program you@suez; and
- Text messaging.

As well as COVID-19 updates, health and safety updates, wellbeing communications and communications on Company matters not relating to the virus, the Company is very keen to share examples and stories from around the business, and in particular from the frontline with daily Yammer updates.

Directors' report (continued)
For the Year Ended 31 December 2021

Engagement with suppliers, customers and others

Customers

The Board engages with key customers and clients through the Regional Directors who provide the Board with regular information about customers in various reports produced throughout the business by the commercial and management teams.

During 2021, as well as the results of the Customer Effort Scores, the metric by which we measure customer satisfaction, which showed very strong performance in all areas, the Company received thanks and praise coming in from our customers and residents via its social media channels and staff from our collection contract.

Suppliers

The UK Group primarily engages with our suppliers via its website and procurement teams as well as through other business support functions including the commercial and legal.

The Board receives information through various Group's Board reports produced throughout the business.

To contribute to Digitalisation and Data Accuracy, during the year the UK Group started working on a new Customer Relationship Management (CRM) system, launched the sub-contractor portal and successfully rolled out CORE in-cab technology in 140 new municipal vehicles in Somerset. The in-cab system replaces paper route sheets and forms with electronic checks and automated accurate and up-to-date service information. It enables staff to be better informed, helps to reduce the number of data entry errors and missed bins as well as allowing quicker reaction and effective resolution to complaints and service calls. The reporting and analytics studies of the data collected enables the Company to reallocate resources and optimise performance.

Other stakeholders

Other key stakeholders include the Government, Regulators and Local Authorities and due to COVID-19, face-to-face meetings and site visits were replaced by video-conferencing and calls.

The CEO, some Directors and senior managers had calls with members of Government, other political parties and senior officials to provide an overview of the recycling and recovery industry and to provide feedback on potential changes being considered by the Government.

The UK Group's business is heavily regulated with a large number of our key clients being local authorities. We perform customer engagement surveys and the performance of the business is regularly reported to the Board and OpCom on a monthly basis. The findings are used to improve customer engagement with knowledge being shared across the UK Group. On all large contracts, the UK Group hosts local community events to engage with local stakeholders.

During the year the Directors engaged with the Competition and Markets Authority (CMA) in relation to the SUEZ/Veolia merger providing fortnightly reporting and more frequently as matters progressed, seeking derogations where necessary.

The Environment

The UK Group's goals are to provide products and services that are safe and environmentally sound throughout their lifecycles, and conduct operations in an environmentally responsible manner. To accomplish this, the Company will:

- Pursue pollution prevention, energy conservation and waste reduction in operations;
- Design and manufacture products to be safe to use and to minimise their environmental impact;
- Offer customers environmentally responsible end-of-life management services for products; and
- Require suppliers to conduct their operations in a socially and environmentally responsible manner.

The Company achieves this by integrating these objectives into business planning, decision-making, performance tracking and review processes to ensure that goals are reached and continually improved upon.

SUEZ Recycling and Recovery Surrey Limited

Directors' report (continued) For the Year Ended 31 December 2021

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.

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 the director is aware, there is no relevant audit information of which the Company's auditor is unaware, and
- the 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.

Auditor

The auditor, Mazars LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board on **Sep 28, 2022** and signed on its behalf.


Chris Thorn (Sep 28, 2022 19:49 GMT+1)

C Thorn
Director

SUEZ Recycling and Recovery Surrey Limited

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

Opinion

We have audited the financial statements of SUEZ Recycling and Recovery Surrey Limited (the 'Company') for the year ended 31 December 2021, which comprise the Statements of comprehensive income, the Statement of financial position, the Statement of changes in equity and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 101 'Reduced Disclosure Framework'

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2021 and of its loss 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.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council's Ethical Standard and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

In forming our opinion on the financial statements, which is not modified, we draw your attention to the directors' consideration of the going concern basis of preparation in note 2.3 which details the impact of the change of control post year-end as well as the outcome of the Competition and Markets Authority's investigation in to the Veolia / SUEZ merger. Based on the information available at this point in time, the directors have assessed that adopting the going concern basis for preparation of the financial statements is appropriate.

SUEZ Recycling and Recovery Surrey Limited

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

Other information

The other information comprises the information included in the Annual Report other than the financial statements and our Auditor's report thereon. The directors are responsible for the other information contained within the Annual Report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. 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 course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. 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 in this regard.

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 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 Strategic report and the Directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic report or the Directors' report.

We have nothing to report in respect of the following matters in relation to which 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.

Responsibilities of directors

As explained more fully in the Directors' responsibilities statement set out on page 9, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors 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.

**Independent auditor's report to the member of SUEZ Recycling and Recovery Surrey Limited
(continued)**

Auditor's 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 Auditor's 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.

The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud.

Based on our understanding of the company and its industry, we considered that non-compliance with the following laws and regulations might have a material effect on the financial statements: employment regulation, environmental legislation, health and safety regulation, anti-money laundering regulation.

To help us identify instances of non-compliance with these laws and regulations, and in identifying and assessing the risks of material misstatement in respect to non-compliance, our procedures included, but were not limited to:

- Inquiring of management and, where appropriate, those charged with governance, as to whether the Company is in compliance with laws and regulations, and discussing their policies and procedures regarding compliance with laws and regulations;
- Inspecting correspondence, if any, with relevant licensing or regulatory authorities;
- Communicating identified laws and regulations to the engagement team and remaining alert to any indications of non-compliance throughout our audit; and
- Considering the risk of acts by the company which were contrary to applicable laws and regulations, including fraud.

We also considered those laws and regulations that have a direct effect on the preparation of the financial statements, such as tax legislation, pension legislation, the Companies Act 2006.

In addition, we evaluated the directors' and management's incentives and opportunities for fraudulent manipulation of the financial statements, including the risk of management override of controls, and determined that the principal risks related to posting manual journal entries to manipulate financial performance, management bias through judgements and assumptions in significant accounting estimates, in particular in relation to landfill provisions, service concession arrangements and associated impairment, revenue recognition (which we pinpointed to the cut-off assertion), and significant one-off or unusual transactions.

Our audit procedures in relation to fraud included but were not limited to:

- Making enquiries of the directors and management on whether they had knowledge of any actual, suspected or alleged fraud;
- Gaining an understanding of the internal controls established to mitigate risks related to fraud;
- Discussing amongst the engagement team the risks of fraud; and
- Addressing the risks of fraud through management override of controls by performing journal entry testing.

There are inherent limitations in the audit procedures described above and the primary responsibility for the prevention and detection of irregularities including fraud rests with management. As with any audit, there remained a risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions,

SUEZ Recycling and Recovery Surrey Limited

**Independent auditor's report to the member of SUEZ Recycling and Recovery Surrey Limited
(continued)**

misrepresentations or the override of internal controls.

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

Use of the audit report

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.



Jonathan Seaman (Senior statutory auditor)

for and on behalf of

Mazars LLP

Chartered Accountants and Statutory Auditor

30 Old Bailey

London

EC4M 7AU

Date: Sep 28, 2022

SUEZ Recycling and Recovery Surrey Limited

**Statement of comprehensive income
For the Year Ended 31 December 2021**

	Note	2021 £000	2020 £000
Turnover	4	87,031	77,023
Cost of sales		(72,029)	(59,133)
Gross profit		15,002	17,890
Administrative expenses		(11,415)	(10,266)
Operating profit	5	3,587	7,624
Interest receivable and similar income	8	4,988	4,576
Interest payable and similar expenses	9	(11,051)	(13,277)
Impairments	10	(10,335)	(6,191)
Loss before tax		(12,811)	(7,268)
Tax (charge)/credit on profit/(loss)	11	667	3,518
Loss for the financial year		(12,144)	(3,750)
Total comprehensive income/(loss) for the year		(12,144)	(3,750)

The notes on pages 23 to 42 form part of these financial statements.

All profit/(loss) and comprehensive income/(loss) is attributable to continuing activities.

SUEZ Recycling and Recovery Surrey Limited
Registered number: 03184332

Statement of financial position
As at 31 December 2021

	Note	2021 £000	2020 £000
Current assets			
Stocks	12	81	35
Debtors: amounts falling due after more than one year	13	36,611	56,388
Debtors: amounts falling due within one year	13	76,459	57,572
Cash at bank and in hand	14	7	8
		<u>113,158</u>	<u>114,003</u>
Creditors: amounts falling due within one year	15	(62,950)	(23,849)
Net current assets		<u>50,208</u>	<u>90,154</u>
Total assets less current liabilities		<u>50,208</u>	<u>90,154</u>
Creditors: amounts falling due after more than one year	16	(97,000)	(127,073)
		<u>(46,792)</u>	<u>(36,919)</u>
Provisions for liabilities			
Deferred taxation	18	(2,424)	(187)
Other provisions	19	(1,537)	(1,503)
		<u>(3,961)</u>	<u>(1,690)</u>
Net liabilities		<u>(50,753)</u>	<u>(38,609)</u>
Capital and reserves			
Called up share capital	20	-	-
Profit and loss account	21	(50,753)	(38,609)
Shareholder's deficit - equity		<u>(50,753)</u>	<u>(38,609)</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on
 Sep 28, 2022

Chris Thorn

Chris Thorn (Sep 28, 2022 19:49 GMT+1)

C Thorn
 Director

SUEZ Recycling and Recovery Surrey Limited

**Statement of changes in equity
For the Year Ended 31 December 2021**

	Called up share capital £000	Profit and loss account £000	Total equity £000
At 1 January 2021	-	(38,609)	(38,609)
Comprehensive loss for the year			
Loss for the year	-	(12,144)	(12,144)
Other comprehensive income for the year	-	-	-
Total comprehensive loss for the year	-	(12,144)	(12,144)
At 31 December 2021	-	(50,753)	(50,753)

The notes on pages 23 to 42 form part of these financial statements.

**Statement of changes in equity
For the Year Ended 31 December 2020**

	Called up share capital £000	Profit and loss account £000	Total equity £000
At 1 January 2020	-	(34,859)	(34,859)
Comprehensive loss for the year			
Loss for the year	-	(3,750)	(3,750)
Other comprehensive income for the year	-	-	-
Total comprehensive loss for the year	-	(3,750)	(3,750)
At 31 December 2020	-	(38,609)	(38,609)

The notes on pages 23 to 42 form part of these financial statements.

SUEZ Recycling and Recovery Surrey Limited

Notes to the financial statements For the Year Ended 31 December 2021

1. General information

SUEZ Recycling and Recovery Surrey Limited is a private company, limited by shares, incorporated, domiciled and registered in England & Wales, 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. Registered number is 03184332.

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

At the balance sheet date, the ultimate parent company was SUEZ SA (following Veolia's acquisition now known as Vigie S.A.), 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 21 rue La Boétie, 75008 Paris, France.

The ultimate ownership of SUEZ Recycling and Recovery Holdings UK Limited has changed since the balance sheet date, see note 23 for details.

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 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).

**Notes to the financial statements
For the Year Ended 31 December 2021**

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 requirements of the second sentence of paragraph 110 and paragraphs 113(a), 114, 115, 118, 119(a) to (c), 120 to 127 and 129 of IFRS 15 Revenue from Contracts with Customers.

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.

2. Accounting policies (continued)

Financial reporting standard 101 - reduced disclosure exemptions (continued)

The adoption of the following mentioned standards, amendments and interpretations in future years are not expected to have a material impact on the Company's financial statements:

Effective from 1 January 2022:

- Annual Improvements Cycle 2018 – 2020.
- IAS 37 Amendment: Onerous Contracts: Cost of Fulfilling a Contract.
- IAS 16 Amendment: Property, Plant and Equipment: Proceeds before Intended Use.
- IFRS 3 Amendment: Reference to the Conceptual Framework.

Effective from 1 January 2023:

- IAS 1 Amendment: Classification of Liabilities as Current or Non-current and Deferral of Effective Date.
- IAS 1 Amendment: Disclosure of Accounting Policies.
- IAS 8 Amendment: Definition of Accounting Estimates.
- IAS 12 Amendment: Deferred Tax related to Assets and Liabilities arising from a Single Transaction.
- IFRS 17 Insurance Contracts and IFRS 17 Amendment: Amendments to IFRS 17.

**Notes to the financial statements
For the Year Ended 31 December 2021**

2. Accounting policies (continued)

2.3 Going concern

The Company's going concern is intrinsically linked to the performance, risks and going concern of the SUEZ Recycling and Recovery UK Group ("The Group"). The Group has considerable financial resources together with long term contracts with a number of customers across different geographic areas and within different sectors of the recycling industry. As a result, the directors believe that The Group is well placed to manage its business risks successfully despite the current uncertain economic outlook.

At 31 December 2021 the Company had net liabilities of £36,687,000 (2020 - £38,609,000). The directors are of the opinion that the going concern basis continues to be the appropriate basis for the preparation of the financial statements as SUEZ UK Group Holdings Limited has confirmed its intention and ability to provide such financial support as may be necessary to allow the Company to continue to operate as a going concern and to meet all of its obligations in full until the change of ownership to SUEZ S.A. as described below. SUEZ UK Group Holdings Limited, has also confirmed that the Company will not be required to pay amounts due to other group undertakings unless the Company has sufficient funds to pay other creditors in full, during this period.

Following the change in ownership post year end (note 23), The Group now benefits from a current account overdraft facility from the French parent company SUEZ SA, now known as Vigie SA (ultimately owned by Veolia Environnement SA) to finance day to day activities. This facility is held by SUEZ UK Group Holdings Limited. It also benefits from long term loans with SUEZ SA, now known as Vigie SA (ultimately owned by Veolia Environnement SA) regarding some of our major infrastructure projects. The loans are subject to contractual terms and repayment schedules in line with the operational activities of the infrastructure that they finance.

The Group currently has no external (non group) loans in place. Cashflow forecasts for The Group show that it is not expected that the overdraft facility with Veolia will be breached in the next 12 months, with significant headroom for any unknown events also. Therefore no sensitivity analysis has been performed.

On 25th August 2022 the UK Competition and Markets Authority (CMA) concluded that Veolia will be required to sell its interests in SUEZ Recycling and Recovery activities in the UK to remedy the competition concerns found. Veolia is obliged to continue its financial support to SUEZ Recycling and Recovery activities in the UK until this sale is complete via the current account overdraft facility currently in place. Thereafter, The Group will require funding from its new owners or from external finance markets. Veolia has agreed to sell its interest in SUEZ Recycling and Recovery activities in the UK to SUEZ S.A. subject to CMA approval. This is expected to be via the sale of the immediate holding company SUEZ Recycling & Recovery UK Group Holdings Limited.

SUEZ Recycling and Recovery Holdings UK has agreed Outline Heads of Terms with a UK bank for an overdraft facility of £75m should this be required following the change of ownership. Cashflow forecasts indicate adequate headroom between cash requirements over the next 12 months and the £75m overdraft limit. Long term loans currently held with Veolia will be taken on by the new owner with no changes in terms or conditions. Subsequent to the change in ownership, SUEZ Recycling and Recovery Holdings UK Limited has confirmed its intention and ability to provide such financial support as may be necessary to allow the Company to continue to operate as a going concern and to meet all of its obligations in full for the next twelve months from the signing date of these financial statements. SUEZ Recycling and Recovery Holdings UK Limited has also confirmed that the Company will not be required to pay amounts due to other group undertakings unless the Company has sufficient funds to pay other creditors in full, during this period.

Having made enquiries the directors have a reasonable expectation that the Company and The

**Notes to the financial statements
For the Year Ended 31 December 2021**

2. Accounting policies (continued)

2.3 Going concern (continued)

Group have adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the annual report and financial statements.

2.4 Revenue

Revenue arising from the handling and disposal of waste is recognised on receipt of the waste by the Company. Service concession revenue is measured by a contractual fixed and variable fee. Differences between the amounts recognised in the income statement and amount invoiced at the period end are shown in the statement of financial position as a contract asset or contract liability.

Revenue from the sale of recyclate materials is recognised, based on contractually agreed prices, when the risks and rewards have passed to the buyer.

Construction Revenue is recognised as a proportion of the construction cost to date compared to the total expected construction cost plus profit margin.

2.5 Stock

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.

2.6 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.

2.7 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 2021**

2. Accounting policies (continued)

2.8 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 Statement of comprehensive income. 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.

2.9 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.

**Notes to the financial statements
For the Year Ended 31 December 2021**

2. Accounting policies (continued)

2.10 Finance costs

Finance costs are charged to profit or loss 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.

2.11 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 the Group's defined benefit pension schemes and the pension charge is based on full actuarial valuations dated between 31 December 2018 and 5 April 2019. These are schemes 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 2021**

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.

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 profit or loss using the effective interest method.

Notes to the financial statements
For the Year Ended 31 December 2021

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 2.44% (2020 - 2.40%) and discounted by 5.84% (2020 - 5.99%). 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 profit or loss except that a charge 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 reporting 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.

**Notes to the financial statements
For the Year Ended 31 December 2021**

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:

- Landfill provisions – The post closure costs associated with environmental control after landfill sites close are uncertain. The key factors are the volumes of leachate requiring treatment, the amount of landfill gas produced by the site and the amounts of electricity income this can generate, the speed at which the waste decomposes and other requirements set out by the environmental regulator. The provision requirement is reviewed and updated, if required, on an annual basis. The provisions are recognised in the financial statements at net present value using a discounted rate estimated by management to reflect the time value of money. At 31 December 2021 the Company's landfill provisions were £1.5m (2020: £1.5m) (Note 19).

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.

- Service concession arrangements – Consideration from contract with public sector entities for waste management service concessions is treated either as contract receivables or an intangible asset or a mixture of both based on the right to receive cash from the arrangement. Management have used judgment to determine the fair value of the services provided when splitting the contractual receivables between the construction of assets, the operating of the facilities and the provision of financing. Further details of these arrangements found in note 2.12.

The Company has made judgments and estimates in relation to the carrying value of the service concession financial asset (note 13 - £64,749,000)

At the date of signing the financial statements, the Company has an ongoing dispute with Surrey County Council. The dispute relates to a different contractual interpretation of the trigger for "Acceptance" of the Eco Park AD and Gasifier facilities, which determines the Company's entitlement to increased contractual payments. (the "Increased Payments"):

- The Company's interpretation is that "Acceptance" occurs on achieving agreed minimum performance tests for each facility. For the AD facility this was achieved in 2019 and for the Gasifier in 2020 (the "SUEZ Dates") and was confirmed by an Independent Testing Agency (as the Works subcontract requires).
- Surrey County Council's interpretation is that for the respective agreed performance test to amount to 'Acceptance' each of Facility A and Facility B must successfully complete a test of reliability as set out in the Works subcontract.

The Company accounts for its relevant contract as a concession arrangement under IFRIC12 and has recognised a financial asset measured at amortised cost.

In order to minimise the extent of the dispute the Company repeated the minimum performance tests and the reliability tests for each facility so that it meets the criteria for Acceptance on Surrey County Council's case. The Independent Certifier has provided the relevant certificate of Acceptance in relation to the Minimum Performance Test (MPT) and reliability tests for the AD and Gasifier dated 23 September 2021 and 9 March 2022 respectively.

SUEZ Recycling and Recovery Surrey Limited

**Notes to the financial statements
For the Year Ended 31 December 2021**

3. Judgments in applying accounting policies (continued)

The expected maximum exposure to the Company is calculated from the respective SUEZ dates to 23 September 2021 for the AD and 9 March 2022 for the Gasifier, being the prudent dates when the minimum performance tests and the related reliability tests have been achieved – in line with Surrey County Council's interpretation.

It is management's view that the financial statements reflect the maximum exposure to the Company, however their initial interpretation of "Acceptance" and the SUEZ dates remain.

4. Turnover

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

	2021	2020
	£000	£000
Disposal of waste	72,509	72,622
Construction revenue	12,892	3,542
Sale of recyclates	1,630	859
	87,031	77,023

All turnover arose within the United Kingdom.

If the services rendered by the Company exceed the payment, a contract asset is recognised, if the payments exceed the services rendered a contract liability is recognised.

5. Operating profit/(loss)

The operating profit/(loss) is stated after charging:

	2021	2020
	£000	£000
Cost of stocks recognised as an expense	659	402

6. Auditors' remuneration

For the year ended 31 December 2021 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 2021**

7. Employees

Staff costs were as follows:

	2021	2020
	£000	£000
Wages and salaries	6,678	5,912
Social security costs	693	595
Pension costs	572	466
	7,943	6,973

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

	2021	2020
	No.	No.
Operational	183	172
Administrative and management	26	30
	209	202

During the year, no director received any emoluments (2020 - £NIL).

All employees are employed by SUEZ Recycling and Recovery UK Ltd and paid by SUEZ Recycling and Recovery Holdings UK Limited. Costs are then recharged to the Company.

8. Interest receivable

	2021	2020
	£000	£000
Interest receivable from group companies	92	352
Interest on service concession financial asset	4,896	4,224
	4,988	4,576

SUEZ Recycling and Recovery Surrey Limited

**Notes to the financial statements
For the Year Ended 31 December 2021**

9. Interest payable and similar expenses

	2021 £000	2020 £000
Unwinding of discount rate	113	144
Loans from group undertakings	9,844	11,888
Other interest payable	1,094	1,245
	<u>11,051</u>	<u>13,277</u>

10. Impairments

	2021 £000	2020 £000
Other losses on service concession financial assets measured at amortised cost	(10,335)	(6,191)
	<u>(10,335)</u>	<u>(6,191)</u>

Other losses on service concession financial assets measured at amortised cost relate to the impairment of the financial asset caused by the delays and disputes set out in note 3.

11. Taxation

	2021 £000	2020 £000
Corporation tax		
Current tax on profits for the year	(2,789)	(3,870)
Adjustments in respect of previous periods	(114)	32
	<u>(2,903)</u>	<u>(3,838)</u>
Total current tax	<u>(2,903)</u>	<u>(3,838)</u>
Deferred tax		
Origination and reversal of timing differences	718	1,276
Adjustments in respect of prior periods	1,518	(956)
	<u>2,236</u>	<u>320</u>
Total deferred tax	<u>2,236</u>	<u>320</u>
Taxation on loss on ordinary activities	<u>(667)</u>	<u>(3,518)</u>

**Notes to the financial statements
For the Year Ended 31 December 2021**

11. Taxation (continued)**Factors affecting tax credit for the year**

The tax assessed for the year is higher than (2020 - lower than) the standard rate of corporation tax in the UK of 19% (2020 - 19%). The differences are explained below:

	2021	2020
	£000	£000
Loss on ordinary activities before tax	(12,812)	(7,268)
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2020 - 19%)	(2,434)	(1,381)
Effects of:		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	290	1,330
Adjustments to tax charge in respect of prior periods	1,404	(956)
Non-taxable income	-	(1,336)
Provision for uncertain tax position	-	(1,047)
Change in taxation rate	73	(128)
Total tax charge/(credit) for the year	(667)	(3,518)

SUEZ Recycling and Recovery Surrey Limited

**Notes to the financial statements
For the Year Ended 31 December 2021**

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

The increase to the corporation tax rate to 25% from 1 April 2023 had been substantively enacted at the balance sheet date and will have an effect on future tax charges. The deferred tax balance has been adjusted to reflect this change.

12. Stock

	2021	2020
	£000	£000
Raw materials and consumables	81	35
	81	35

In the year ended 31 December 2021 £659,000 (2020: £402,000) was the amount of inventory recognised as an expense. £nil has been written down in the year (2020: £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 2021**

13. Debtors

	2021 £000	2020 £000
Due after more than one year		
Service concession financial asset	36,611	56,388
	36,611	56,388
	2021 £000	2020 £000
Due within one year		
Amounts owed by group undertakings	37,443	47,214
Other debtors	965	1,673
Prepayments	67	44
Service concession financial asset	28,138	843
Corporation tax recoverable	2,789	2,823
Contract assets	7,057	4,975
	76,459	57,572

14. Cash and cash equivalents

	2021 £000	2020 £000
Cash at bank and in hand	7	8
	7	8

15. Creditors: Amounts falling due within one year

	2021 £000	2020 £000
Loans from group undertakings	50,881	12,518
Corporation tax payable	3	3
Contract liability	466	217
Other creditors	1	-
Accruals	11,599	11,111
	62,950	23,849

**Notes to the financial statements
For the Year Ended 31 December 2021**

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

	2021 £000	2020 £000
Loans from group undertakings	97,000	127,073
	<u>97,000</u>	<u>127,073</u>

Unsecured Loans

Loans owed to group undertakings relate to loans which accrue interest of 5.91% and 11%.

These amounts are repayable over 3.5 years starting on 31st December 2021.

17. Financial instruments

	2021 £000	2020 £000
Financial assets		
Service concession financial asset	69,605	57,231
Financial assets measured at amortised cost	47,682	53,870
	<u>117,287</u>	<u>111,101</u>

Financial liabilities

Financial liabilities measured at amortised cost	<u>(151,047)</u>	<u>(150,919)</u>
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Financial assets measured at amortised cost comprise of amounts owed by group undertakings, contract assets, other debtors and cash.

Financial liabilities measured at amortised cost comprise of loans to group undertakings, accruals, contract liabilities and other creditors.

18. Deferred taxation

	2021 £000	2020 £000
At beginning of year	133	(3,002)
Charged to the profit or loss	(2,557)	2,815
At end of year	<u>(2,424)</u>	<u>(187)</u>

SUEZ Recycling and Recovery Surrey Limited

**Notes to the financial statements
For the Year Ended 31 December 2021**

18. Deferred taxation (continued)

The provision for deferred taxation is made up as follows:

	2021 £000	2020 £000
Accelerated capital allowances	(2,583)	(213)
Other timing differences	159	26
	<u>(2,424)</u>	<u>(187)</u>

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

19. Provisions

	Environ- mental and landfill costs £000
At 1 January 2021	1,503
Charged to profit or loss	(4)
Unwinding of discount rate	113
Utilised in year	(75)
At 31 December 2021	<u>1,537</u>

Environmental and landfill costs

The provision for environmental and landfill costs has been calculated in accordance with the accounting policy set out in note 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 60 years thereafter.

20. Share capital

	2021 £	2020 £
Allotted, called up and fully paid		
1 (2020 - 1) ordinary share of £1.00	<u>1</u>	<u>1</u>

This share carries no rights to fixed income or has any preferences or restrictions attached on them.

**Notes to the financial statements
For the Year Ended 31 December 2021**

21. Reserves

Profit & loss account

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

22. 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 £554,000 (2020 - £442,000).

The Company participates in the Group's defined benefit pension schemes and the pension charge is based on full actuarial valuations dated between 31 December 2018 and 31 March 2020. 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, at 31st December 2021 is £6,544,000 (2020: £19,494,000).

The pension cost charge represents contributions payable by the Company to the funds and amounted to £18,000 (2020 - £24,000). 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 Group to the schemes in 2022 is £4,500,000 (2021 contributions - £4,456,000).

23. Post balance sheet events

Veolia takeover

On the 18 January 2022 the global agreement between the SUEZ and Veolia Groups was finalised, with Veolia acquiring ownership of the SUEZ businesses worldwide and in the UK, including SUEZ Recycling and Recovery Surrey Limited. However, the SUEZ Group within the UK continued to operate independently from Veolia because of a hold separate order put in place by the UK Competitions and Markets Authority (CMA), whilst the CMA conducted a review into the impacts of the transaction on competition within the UK market.

On the 25th August 2022, the CMA concluded that Veolia will be required to sell its interests in SUEZ Recycling and Recovery activities in the UK to remedy the competition concerns found. On 23rd September 2022, Veolia announced its intention to sell SUEZ Recycling and Recovery activities in the UK to SUEZ S.A. (new SUEZ), subject to CMA approval. This transaction is expected to complete in late 2022. The impact of this change in control on the going concern assessment has been disclosed in note 2.3.

SUEZ Recycling and Recovery Surrey Limited

**Notes to the financial statements
For the Year Ended 31 December 2021**

24. Controlling party

In the opinion of the directors, at the balance sheet date, the Company's ultimate parent company and ultimate controlling party is SUEZ SA (following Veolia's acquisition now known as Vigie S.A.), 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 21 Rue La Boétie, 75008 Paris, 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.

The ultimate ownership of SUEZ Recycling and Recovery Holdings UK Limited has changed since the balance sheet date, see Note 23 for details.