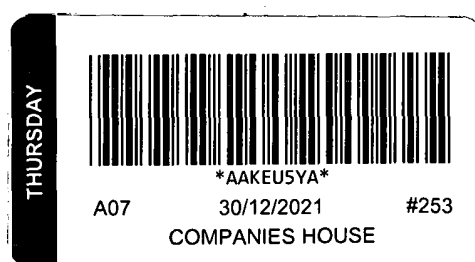


**Artech Reduction Technologies Limited**  
**(Registration No. 04696842)**  
**Report and Financial Statements**  
For the year ended 31 December 2020



## Artech Reduction Technologies Limited

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### Annual Report and financial statements

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## Artech Reduction Technologies Limited

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### **Director**

D Ginnetti

### **Auditors**

Grant Thornton UK LLP  
No. 1 Whitehall Riverside  
Leeds  
LS1 4BN

### **Registered Office**

Ground Floor  
177 Cross Street  
Sale  
Manchester  
M33 7JQ

## Artech Reduction Technologies Limited

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Registered No. 04696842

### Director's report

The director presents his report and financial statements of Artech Reduction Technologies Limited (the 'Company') for the year ended 31 December 2020.

### Principal activity and review of the business

The principal activity of the Company during the year was assembly and sale of industrial shredding equipment to group companies of Stericycle International Holdings Limited. The Company's activities will continue as such for the foreseeable future.

### Results and dividends

The profit for the year after taxation amounted to £477,863 (2019 - £113,517). The director does not recommend a final dividend (2019 - £nil).

### Director

The director who served the Company during and since the year is as follows:

D Ginnetti

### Future developments

Looking forward, Artech Reduction Technologies Limited will continue to be a key part of the Stericycle, Inc. business group and as such has the platform required to aid in future growth as well as explore new opportunities through continuous improvement and cost containment.

The Company's operating profit for the year was impacted severely by the Covid pandemic resulting in the temporary closure of many Shred-It customers' sites. However, the directors anticipate a return to operating profit in the coming year and future growth. Through continuous improvement Artech Reduction Technologies Limited will continue to support and implement programs that will aid its primary customer, Shred-it Limited, obtain service excellence and operating efficiencies while reducing the on-boarding time of new customers and down time of Company assets.

The Company's cost containment will be driven through strategic product initiatives which include, but will not be limited to, raw material optimization, product advancement and the continual search for cost effective vendor relations.

### Going concern

The nature of the long-term relationships with internal customers and external suppliers gives underlying business stability and supports a positive cash flow. The Company is also part of a larger multi-national group, Stericycle, Inc., which includes the medical waste business in the US that is performing strongly so there is some comfort with respect to working capital.

The Company, through access to the financial resources of its ultimate parent undertaking, Stericycle, Inc., has the finance necessary to further develop its business through the foreseeable future and to refinance existing obligations including liabilities as they become due.

The Company is reliant on the continued support of Stericycle, Inc. The Company recognizes that COVID-19 has had a global economic impact, including closure of non-essential businesses around the world and in the UK. The closure of non-essential businesses has a direct impact on Company customers. The Company suspended operations for the three months ended June 30, 2020 but has now resumed at an operating level to satisfy customer demand. There were no supply shortages and Artech's inventory and supply chain remains intact to meet customer demand. The Company is monitoring future implications of COVID-19 and is taking actions to manage spending to align to operational requirements. The director is proactively responding to the challenges across his served markets.

Furthermore, after making appropriate enquiries including receiving confirmation of continuing support from Stericycle, Inc., the director has the expectation that the Company has adequate resources to continue in operation and to meet its liabilities as and when they fall due. Accordingly, the Company continues to adopt the going concern basis in the preparation of the financial statements.

## Artech Reduction Technologies Limited

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### Director's report (continued)

#### Employment policy

Employment policies are based on a commitment to equal opportunities from selection and recruitment, through training, development, appraisal and promotion.

The Company aims to promote an environment free from discrimination, harassment and victimisation. All decisions relating to employment are objective and based on individual merit. The Company looks to use all employees' talents and abilities to the full.

Employee involvement in the Company's success and profitability is encouraged through appropriate incentive schemes. Regular meetings and the Company's intranet encourages employees to involve themselves in the Company's activities and fully informs them on matters which concern them as employees.

It is Company policy to give full and fair consideration to suitable applications for employment by disabled persons and, so far as particular disabilities permit, give continued employment to existing employees who become disabled.

#### Principal risks and uncertainties

Principal risks include the increased costs for parts and labour required for the assembly of industrial shredding equipment, majority of revenue is generated from related parties, and the integration of new activities. Management continuously monitors costs and looks for the most cost-efficient options and suppliers. It is also looking at ways of generating more revenue from external parties. In terms of integrating new activities we have robust project management controls and members of staff leading projects.

#### Foreign currency risk

The Company is exposed to foreign exchange risks primarily arising from commercial transactions denominated in foreign currencies. The Company has no operations outside of the UK but it has amounts payable and receivable from other group companies denominated in currencies other than sterling. As a result, the value of the payables and receivables can be affected significantly by movements in exchange rates in general and in the Canadian Dollar and Euro rates in particular. No foreign currency contracts were used during the year.

#### Interest rate risk

The Company does not have any external debt. The loan from the parent undertaking is non-interest bearing.

#### Credit 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. Company policies are aimed at minimizing such losses. This risk is somewhat mitigated as the Company's key customers are related parties, which will be adequately funded by the ultimate parent undertaking – Stericycle, Inc. should the need arise. In agreeing annual budgets, the Company sets targets for debtors' days and doubtful debts expense against which performance is monitored. Details of the Company's debtors are shown in note 9. Counterparty risk with respect to rights is monitored by the Board regularly.

#### Liquidity risk and cash flow risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The Company aims to mitigate liquidity risk by managing cash generation from its operations and applying cash collection targets throughout the Company. The Company funding strategy is not to rely on external financing, but to rely on group funding as necessary.

## Artech Reduction Technologies Limited

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### Director's report (continued)

Cash flow risk is the risk of exposure to variability in cash flows that is attributable to a particular risk associated with a recognised asset or liability. The Company manages this risk through monthly reporting and analysis of commitments and cash flow projections.

#### Director's responsibilities statement

The director is responsible for preparing the Director's Report and the financial statements in accordance with applicable law and regulations.

Company law requires the director to prepare financial statements for each financial year. Under that law the director has elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law, including FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland').

Under Company law the director must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs and profit or loss of the Company for that period.

In preparing these financial statements, the director is required to:

- select suitable accounting policies and then apply them consistently;
- make judgements 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 director is responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

#### Disclosure of information to auditor

The director confirms 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 he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

#### Auditors

A resolution to reappoint Grant Thornton UK LLP as the Company's auditor will be put to the forthcoming Annual General Meeting.

## Artech Reduction Technologies Limited

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### Director's report (continued)

#### Small companies note

In preparing this report, the director has taken advantage of the small companies exemptions provided by section 415A of the Companies Act 2006.

On behalf of the Board

DocuSigned by:  
  
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Dan Ginnett

Director

23 December 2021

## **Independent auditor's report**

**to the members of Artech Reduction Technologies Limited**

### **Opinion**

We have audited the financial statements of Artech Reduction Technologies Limited (the 'company') for the year ended 31 December 2020, which comprise the Statement of comprehensive income, the Statement of changes in equity, the Statement of financial position 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 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2020 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

### **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 UK, including the FRC'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**

We are responsible for concluding on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify the auditor's opinion. Our conclusions are based on the audit evidence obtained up to the date of our report. However, future events or conditions may cause the company to cease to continue as a going concern.

In our evaluation of the directors' conclusions, we considered the inherent risks associated with the company's business model including effects arising from macro-economic uncertainties such as Brexit and Covid-19, we assessed and challenged the reasonableness of estimates made by the directors and the related disclosures and analysed how those risks might affect the company's financial resources or ability to continue operations over the going concern period.

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.

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.

The responsibilities of the directors with respect to going concern are described in the 'Responsibilities of directors for the financial statements' section of this report.



## **Independent auditor's report**

**to the members of Artech Reduction Technologies Limited (continued)**

### **Other information**

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. 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.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

### **Opinions on other matters prescribed by the Companies Act 2006**

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

- the information given in the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the directors' report have been prepared in accordance with applicable legal requirements.

### **Matter on which we are required to report under the Companies Act 2006**

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 directors' report.

### **Matters on which we are required to report by exception**

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.
- the director was not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemptions in preparing the directors' report and from the requirement to prepare a strategic report.

### **Responsibilities of directors for the financial statements**

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, 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 members of Artech Reduction Technologies 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.

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](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

### **Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud**

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. Owing to the inherent limitations of an audit, there is an unavoidable risk that material misstatements in the financial statements may not be detected, even though the audit is properly planned and performed in accordance with the ISAs (UK).

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

- The company is subject to many laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements. We identified the following laws and regulations as the most likely to have a material effect if non-compliance were to occur; financial reporting legislation (FRS102 and Companies Act 2006), distributable profits legislation, tax legislation, health and safety, data protection, and employment law.

We communicated relevant laws and regulations and potential fraud risks to all engagement team members, and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

- We obtained an understanding of how the company is complying with those legal and regulatory frameworks by making enquiries of management. We enquired of management whether there were any instances of non-compliance with laws and regulations or whether they had any knowledge of actual or suspected fraud. We corroborated the results of our enquiries with those charged with governance and to supporting documentation such as board minute reviews and our legal and professional expenses review.
- We assessed the susceptibility of the company's financial statements to material misstatement, including how fraud might occur by discussions with management to understand where management considered there is a susceptibility to fraud.

Audit procedures performed by the engagement team included:

- evaluation of the controls established to address the risks related to irregularities and fraud;
- testing manual journal entries, in particular journal entries determined to be large or relating to unusual transactions based on our understanding of the business;
- identifying and testing related party transactions;
- completion of audit procedures to conclude on the compliance of disclosures in the annual report and accounts with applicable financial reporting requirements.

## **Independent auditor's report**

**to the members of Artech Reduction Technologies Limited (continued)**

### **Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud (continued)**

- These audit procedures were designed to provide reasonable assurance that the financial statements were free from fraud or error. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error and detecting irregularities that result from fraud is inherently more difficult than detecting those that result from error, as fraud may involve collusion, deliberate concealment, forgery or intentional misrepresentations. Also, the further removed non-compliance with laws and regulations is from events and transactions reflected in the financial statements, the less likely we would become aware of it.
- Assessment of the appropriateness of the collective competence and capabilities of the engagement team included consideration of the engagement team's:
  - understanding of, and practical experience with audit engagements of a similar nature and complexity through appropriate training and participation;
  - knowledge of the industry in which the client operates.
- All team members are qualified accountants or working towards that qualification and are considered to have sufficient knowledge and experience of companies of a similar size and complexity, appropriate to their role within the team.

We did not identify any material matters relating to non-compliance with laws and regulation or relating to fraud.

### **Use of our 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.



Richard Woodward BA FCA  
Senior Statutory Auditor  
for and on behalf of Grant Thornton UK LLP  
Statutory Auditor, Chartered Accountants  
Leeds

23/12/2021

## Artech Reduction Technologies Limited

### Statement of comprehensive income

for the year ended 31 December 2020

	Notes	2020 £	2019 £
<b>Turnover</b>	2	161,271	1,052,921
Cost of sales		(201,623)	(484,582)
<b>Gross (loss)/ profit</b>		(40,352)	568,339
Administrative expenses		(21,309)	(265,103)
Other operating income	4	15,208	–
<b>Operating (loss)/ profit</b>		(46,453)	303,236
Net exchange gain on foreign currency borrowings		616,619	(209,460)
<b>Profit on ordinary activities before taxation</b>		570,166	93,776
Tax charge	7	(92,303)	(207,293)
<b>Profit/ (Loss) for the financial year</b>		477,863	(113,517)

All amounts relate to continuing activities.

### Statement of changes in equity

for the year ended 31 December 2020

	Called up share capital	Profit and loss account	Total
	£	£	£
<b>At 1 January 2019</b>	2,805,501	3,125,706	5,931,207
Loss for the year	–	(113,517)	(113,517)
<b>At 31 December 2019</b>	2,805,501	3,012,189	5,817,690
Profit for the year	–	477,863	477,863
<b>At 31 December 2020</b>	2,805,501	3,490,052	6,295,553

The notes on pages 13 to 20 form part of these financial statements.

# Artech Reduction Technologies Limited

## Statement of financial position

at 31 December 2020

	Notes	2020 £	2019 £
<b>Current assets</b>			
Stocks	8	139,966	214,681
Debtors	9	6,265,036	5,717,837
		6,405,003	5,932,518
<b>Creditors: amounts falling due within one year</b>	10	(109,448)	(114,828)
<b>Net current assets</b>		6,295,553	5,817,690
<b>Total assets less current liabilities</b>		6,295,553	5,817,690
<b>Net assets</b>		6,295,553	5,817,690
<b>Capital and reserves</b>			
Called up share capital	11	2,805,501	2,805,501
Profit and loss account	12	3,490,052	3,012,189
<b>Shareholders' funds</b>		6,295,553	5,817,690

The financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies' regime.

The notes on pages 13 to 20 form part of these financial statements.

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

DocuSigned by:  
  
 E0378FF7694D47A...

Dan Ginnetti  
 Director  
 23 December 2021

Company registration No: 04696842

## Artech Reduction Technologies Limited

### Notes to the financial statements

at 31 December 2020

#### 1. Accounting policies

##### *Basis of preparation*

Artech Reduction Technologies Limited is a private limited company incorporated in England and Wales. The Registered Office is Ground Floor, 177 Cross Street, Sale, Manchester, M33 7JQ.

The financial statements have been prepared under historical cost convention and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard Applicable in the United Kingdom and the Republic of Ireland, and the Companies Act 2006.

The presentational and functional currency is the British Pound Sterling (£).

The Company meets the definition of a qualifying entity under FRS 102 and has therefore taken advantage of the disclosure exemptions available to it in respect of its financial statements. Exemptions have been taken in relation to share-based payments, financial instruments, presentation of a cash flow statement, intra-group transactions and remuneration of key management personnel.

##### *Going concern*

The nature of the long-term relationships with internal customers and external suppliers gives underlying business stability and supports a positive cash flow. The Company is also part of a larger multi-national group, Stericycle, Inc., which includes the medical waste business in the US that is performing strongly so there is some comfort with respect to working capital.

The Company, through access to the financial resources of its ultimate parent undertaking, Stericycle, Inc., has the finance necessary to further develop its business through the foreseeable future and to refinance existing obligations including liabilities as they become due.

The Company is reliant on the continued support of Stericycle, Inc. The Company recognizes that COVID-19 has had a global economic impact, including closure of non-essential businesses around the world and in the UK. The closure of non-essential businesses has a direct impact on Company customers. The Company suspended operations for the three months ended June 30, 2020 but has now resumed at an operating level to satisfy customer demand. There were no supply shortages and Artech's inventory and supply chain remains intact to meet customer demand. The Company is monitoring future implications of COVID-19 and is taking actions to manage spending to align to operational requirements. The director is proactively responding to the challenges across the Company's served markets.

Furthermore, after making appropriate enquiries including receiving confirmation of continuing support from Stericycle, Inc., the director has the expectation that the Company has adequate resources to continue in operation and to meet its liabilities as and when they fall due. Accordingly, the Company continues to adopt the going concern basis in the preparation of the financial statements.

##### *Statement of cash flows*

The Company is a wholly owned subsidiary of Stericycle, Inc., and is included within the consolidated financial statements which are publicly available. Consequently, the Company has taken advantage of the exemption from preparing a cash flow statement under the terms of FRS 102 paragraph 1.12(b).

##### *Revenue recognition*

Revenue is measured at the fair value of the consideration received or receivable and represents the amount receivable for goods supplied or services rendered, net of returns, discounts and rebates allowed by the Company and value added taxes.

The Company recognises revenue when (a) the significant risks and rewards of ownership have been transferred to the buyer; (b) the group retains no continuing involvement or control over the goods; (c) the amount of revenue can be measured reliably; (d) it is probable that future economic benefits will flow to the entity and (e) when the specific criteria have been met, as described below.

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the customer, which is on delivery to the customer.

## Artech Reduction Technologies Limited

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# Notes to the financial statements

at 31 December 2020

## 1. Accounting policies (continued)

### **Grants**

Government grants are recognised in profit or loss on a systematic basis over the periods in which the entity recognises expenses for the related costs for which the grants are intended to compensate.

### **Stocks**

Stocks are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow-moving items.

### **Taxation**

UK corporation tax is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted at the statement of financial position date.

### **Deferred taxation**

Deferred taxation is recognised in respect of all timing differences that have originated but not reversed at the statement of financial position date where transactions or events have occurred at that date that will result in an obligation to pay more, or right to pay less or to receive more, tax, with the following exceptions:

- Provision is made for deferred taxation that would arise on remittance of the retained earnings of subsidiaries, associates and joint ventures only to the extent that, at the statement of financial position date, dividends have been accrued as receivable.
- Where there are differences between amounts that can be deducted for tax for assets (other than goodwill) and liabilities compared with the amounts that are recognised for those assets and liabilities in a business combination a deferred tax liability/(asset) shall be recognised. The amount attributed to goodwill is adjusted by the amount of the deferred tax recognised; and
- Unrelieved tax losses and other deferred tax assets are recognised only to the extent that the director consider that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the statement of financial position date.

### **Foreign currencies**

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the statement of financial position date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of the transaction. Exchange differences are taken to the statement of comprehensive income.

### **Financial instruments**

The company has chosen to adopt Sections 11 and 12 of FRS 102 in respect of financial instruments.

The company only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like amounts owed by group undertakings and trade and other creditors.

Financial assets that are initially measured at transaction price, unless the arrangement constitutes a financing transaction, and subsequently at amortised cost using the effective interest method. Financial assets are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Consolidated statement of comprehensive income.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate.

## Notes to the financial statements

at 31 December 2020

### 1. Accounting policies (continued)

#### *Financial Instruments (continued)*

Financial assets are derecognised when (a) the contractual rights to the cash flows from the asset expire or are settled; or (b) substantially all the risks and rewards of the ownership of the asset are transferred to another party; or (c) despite having retained some significant risks and rewards of ownership, control of the asset has been transferred to another party who has the practical ability to unilaterally sell the asset to an unrelated third party without imposing additional restrictions.

Basic financial liabilities, including trade and other creditors and loans from fellow group companies, are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest. Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade payables are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method. Financial liabilities are derecognised when the liability is extinguished, that is when the contractual obligation is discharged, cancelled or expires.

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the entity after deducting all of its liabilities.

Where the contractual obligations of financial instruments (including share capital) are equivalent to a similar debt instrument, those financial instruments are classed as financial liabilities. Financial liabilities are presented as such in the statement of financial position. Finance costs and gains or losses relating to financial liabilities are included in profit or loss. Finance costs are calculated so as to produce a constant rate of return on the outstanding liability.

Where the contractual terms of share capital do not have any terms meeting the definition of a financial liability then this is classed as an equity instrument. Dividends and distributions relating to equity instruments are debited directly to equity.

#### *Interest-bearing loans and borrowings*

All interest-bearing loans and borrowings which are basic financial instruments are initially recognised at the present value of cash payable (including interest). After initial recognition they are measured at amortised cost using the effective interest rate method, less impairment. The effective interest rate amortisation is included in finance revenue in the statement of comprehensive income.

#### *Pensions*

The Company operates a defined contribution pension scheme for employees. The assets of the scheme are held separately from those of the Company. The annual contributions payable are charged to the statement of comprehensive income.

#### *Judgements and key sources of estimation uncertainty*

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the statement of financial position date and the amounts reported for revenues and expenses during the year. However, the nature of estimation means that actual outcomes could differ from those estimates.

The Company made some judgements regarding the estimation of stock provisions due to an ongoing dispute. Management also determines stock obsolescence based on market trends and strategic business decisions. Apart from judgement relating to the estimation of stock provisions and obsolescence, no other significant judgements were noted during the year.



## Artech Reduction Technologies Limited

### Notes to the financial statements

at 31 December 2020

#### 2. Turnover

An analysis of turnover by geographical market is given below:

	2020	2019
	£	£
United Kingdom	93,469	638,269
Ireland	427	88,367
Germany	17,227	21,224
France	10,704	130,019
Other	39,444	175,042
	<u>161,271</u>	<u>1,052,921</u>

An analysis of turnover is given below:

	2020	2019
	£	£
Sale of goods	160,934	1,052,257
Rendering of services	337	664
	<u>161,271</u>	<u>1,052,921</u>

#### 3. Operating profit

This is stated after charging:

	2020	2019
	£	£
Auditors' remuneration – audit	13,752	12,900
Auditors' remuneration – non-audit	<u>2,000</u>	<u>2,278</u>

#### 4. Other operating income

Other operating income consists of government furlough grants under the Coronavirus Jobs Retention Scheme. In 2020 this amounted to £15,208 (2019: £nil).

#### 5. Director's remuneration

The director's services are incidental to his main employment as a senior executive of the ultimate parent undertaking, Stericycle, Inc. Consequently, he does not receive any emoluments for his services as a director of this Company.

# Artech Reduction Technologies Limited

## Notes to the financial statements

at 31 December 2020

### 6. Staff costs

	2020	2019
	£	£
Wages and salaries	70,009	15,752
Social security costs	9,628	1,883
	<u>79,637</u>	<u>17,635</u>

The average monthly number of employees (including the director) during the year was made up as follows:

	2020	2019
	No.	No.
Technical	<u>1</u>	<u>1</u>
	<u>1</u>	<u>1</u>

### 7. Tax

(a) Tax charge on profit on ordinary activities

	2020	2019
	£	£
<b>Current tax:</b>		
UK corporation tax on the profit for the year	76,975	7,195
Adjustments in respect of prior years	15,328	168,010
Total current tax charge	<u>92,303</u>	<u>175,205</u>
<b>Deferred tax:</b>		
Origin and reversal of timing differences	31,356	28,055
Adjustments in respect of prior years	(31,356)	732
Effect of future rate reductions	–	3,301
Total deferred tax	<u>–</u>	<u>32,088</u>
Total tax charge on profit on ordinary activities	<u>92,303</u>	<u>207,293</u>

# Artech Reduction Technologies Limited

## Notes to the financial statements

at 31 December 2020

### 7. Tax (continued)

#### (b) Factors affecting current tax expense for the year

The tax assessed for the year differs from the standard rate of corporation tax in the UK of 19% (2019 – 19%). The differences are explained below:

	2020	2019
	£	£
Profit on ordinary activities before tax	570,166	93,776
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2019 – 19%)	108,332	17,818
<i>Effects of:</i>		
Expenses not deductible for tax purposes	–	24,766
Adjustments in respect of prior years	(16,029)	168,010
Differences in tax rates	–	(3,301)
Total tax expense for the year	<u>92,303</u>	<u>207,293</u>

#### (c) Deferred tax

Deferred tax is as follows:

	2020	2019
	£	£
Losses carried forward	<u>–</u>	<u>–</u>

#### (d) Factors that may affect future tax charges

The UK government has announced that the main UK corporation tax rate will increase from the current rate of 19% which became applicable from 1 April 2017 to 25% from 1 April 2023. The increase in the corporation tax rates was included within the Finance Bill 2021 that became substantially enacted on 24 May 2021.

### 8. Stocks

	2020	2019
	£	£
Finished goods	38,432	86,487
Parts and supplies	101,534	128,194
	<u>139,966</u>	<u>214,681</u>

Stock recognised in cost of sales during the year as an expense was £123,899 (2019 – £419,901).

## Artech Reduction Technologies Limited

### Notes to the financial statements

at 31 December 2020

#### 9. Debtors

	2020	2019
	£	£
Amounts owed by group undertakings	6,234,827	5,709,595
Trade debtors	10,851	-
VAT recoverable	19,358	8,242
	<u>6,265,036</u>	<u>5,717,837</u>

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

	2020	2019
	£	£
Trade creditors	2,284	17,036
Corporation tax	-	8,758
VAT	18,208	-
Accruals	19,282	23,496
Amounts owed to group undertakings	69,674	65,538
	<u>109,448</u>	<u>114,828</u>

#### 11. Called up share capital

		2020		2019
	No.	£	No.	£
<i>Allotted, called up and fully paid</i>				
Ordinary shares of £1 each	2,805,501	<u>2,805,501</u>	2,805,501	<u>2,805,501</u>

#### 12. Reserves

##### *Profit and loss account*

The profit and loss account includes all current and prior period retained profits and losses less dividends.

#### 13. Related party transactions

The Company has taken advantage of the exemption under FRS 102 from disclosing transactions with key management personnel and other wholly owned entities, which are part of the group of which Stericycle, Inc., is the ultimate parent undertaking.

There are no other related party transactions requiring disclosure under FRS 102.

#### 14. Other financial commitments

At 31 December 2020 the Company had no annual commitments under non-cancellable operating leases (2019: £nil).

## Artech Reduction Technologies Limited

### Notes to the financial statements

at 31 December 2020

#### 15. Financial instruments

The Company does not engage in any interest rate swaps to manage interest rate risk volatility and forward foreign currency contracts to hedge currency exposure on the Company's future commitments.

<i>Financial assets measured at amortised cost</i>	<i>2020</i>	<i>2019</i>
	<i>£</i>	<i>£</i>
Amounts owed by group undertakings	6,234,827	5,709,595
Trade debtors	10,851	-
<b>Financial liabilities measured at amortised cost</b>	<b>6,245,678</b>	<b>5,709,595</b>

<i>Financial liabilities measured at amortised cost</i>	<i>2020</i>	<i>2019</i>
	<i>£</i>	<i>£</i>
Trade creditors	2,284	17,036
Accruals	19,282	23,496
Amounts owed to group undertakings	69,674	65,538
	<b>91,240</b>	<b>106,070</b>

#### 16. Ultimate parent undertaking and controlling party

The Company's immediate parent undertaking is Shred-it Limited.

Stericycle, Inc., a US incorporated company, is the ultimate parent undertaking and controlling party.

The largest and smallest group for which group financial statements have been drawn up is that headed by Stericycle, Inc. Copies of these financial statements may be obtained from 2355 Waukegan Road, Bannockburn IL 60015, USA.

#### 17. Post balance sheet events

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