Company Registration No. 02206141

WRG Environmental Limited

Annual report and financial statements

for the year ended 31 December 2018

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WRG Environmental Limited

Annual report and financial statements 2018

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Officers and professional advisers

Directors

P Taylor
V F Orts-Llopis
A Serrano Minchan

Registered Office

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

Auditor

Deloitte LLP
Statutory Auditor
1 New Street Square
London
EC4A 3HQ
United Kingdom

WRG Environmental Limited

Directors' report

The Directors of WRG Environmental Limited (the "Company") present their annual report and the audited financial statements for the year ended 31 December 2018.

Principal activity

The principal activity of the Company during the year ended 31 December 2018 was the handling, recycling and disposal of waste materials.

Directors

The Directors who served during the year ended 31 December 2018 and up to the date of this report were as follows:

P Taylor
V F Orts-Llopis
A Serrano Minchan

Results and dividends

The results for the Company for the year ended 31 December 2018 are set out on page 7. The loss for the financial year amounted to £0.1million (2017: £1.6million loss). The Company did not pay an interim dividend during the year (2017: £nil) and furthermore, the Directors do not recommend the payment of a final dividend (2017: £nil). The loss (2017: loss) for the financial year has been withdrawn from (2017: withdrawn from) reserves. There has been no capital contribution during the year (2017:£14.4million). The loss for the year transferred to reserves results in a corresponding decrease (2017: decrease) in total shareholder's deficit in the year.

The Company's indirect parent company, FCC Environment (UK) Limited ("FCC E UK") manages its operations on a divisional basis and information regarding key performance indicators is included within the FCC E UK annual report. For this reason, the Company's Directors believe that the disclosure of further financial and non-financial key performance indicators for the Company is not appropriate for an understanding of the development, performance or position of the business. Copies of the FCC E UK annual report can be obtained from the address in note 19.

Going concern

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

Directors' indemnities

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

Financial risk management

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

Liquidity and credit risk

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

WRG Environmental Limited

Directors' report

Directors' responsibilities statement

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

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including FRS 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; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Auditor

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

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

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

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

Small companies exemption

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

Approved by the Board of Directors
and signed on its behalf by:

V F Orts-Llopis
Director
12th August 2019

Independent auditor's report to the members of WRG Environmental Limited

Report on the audit of the financial statements

Opinion

In our opinion the financial statements of WRG Environmental Limited (the 'company'):

- give a true and fair view of the state of the company's affairs as at 31 December 2018 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice including Financial Reporting Standard 101 "Reduced Disclosure Framework"; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the statement of comprehensive income and expense;
- the balance sheet;
- the statement of changes in equity;
- the related notes 1 to 19.

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" (United Kingdom Generally Accepted Accounting Practice).

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 Financial Reporting Council's ('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 required by ISAs (UK) to report in respect of the following matters where:

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

We have nothing to report in respect of these matters.

Independent auditor's report to the members of WRG Environmental Limited

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 respect of these matters.

Responsibilities of directors

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.

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 FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Report on other legal and regulatory requirements

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 has been prepared in accordance with applicable legal requirements.

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 any material misstatements in the strategic report or the directors' report.

WRG Environmental Limited

Independent auditor's report to the members of WRG Environmental Limited

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required to report in respect of the following matters 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 directors were not entitled to take advantage of the small companies' exemptions in preparing the Directors' report and from the requirement to prepare a strategic report.

We have nothing to report in respect of these matters.

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.

Makhan Chahal

Makhan Chahal ACA (Senior statutory auditor)
For and on behalf of Deloitte LLP
Statutory Auditor
London, United Kingdom
12th August 2019

WRG Environmental Limited

Statement of comprehensive income and expense
For the year ended 31 December 2018

	Notes	2018 £'000	2017 £'000
Turnover	4	**1,796**	1,738
Cost of sales		**(1,410)**	(2,427)
Gross profit/(loss)		**386**	(689)
Administrative expenses		**(26)**	(27)
Operating profit/(loss)		**360**	(716)
Interest payable and similar charges	8	**(481)**	(869)
Loss before taxation	5	**(121)**	(1,585)
Tax on loss	9	**-**	-
Loss for the financial year		**(121)**	(1,585)
Other comprehensive result for the year, net of tax		**-**	-
Total comprehensive expense for the year		**(121)**	(1,585)

All results in the year ended 31 December 2018 relate to continuing operations.

The notes on pages 10 to 22 are an integral part of these financial statements.

WRG Environmental Limited

Balance sheet
As at 31 December 2018

	Note	2018 £'000	2017 £'000
Fixed assets			
Tangible assets	10	**280**	148
Current assets			
Debtors: amounts due within one year	11	**10,691**	28,273
Debtors: amounts due after more than one year	11	**644**	644
		11,335	28,917
Creditors: amounts falling due within one year	12	**(155)**	(16,793)
Net current assets		**11,180**	12,124
Total assets less current liabilities		**11,460**	12,272
Provisions for liabilities	13	**(12,522)**	(13,213)
Net liabilities		**(1,062)**	(941)
Capital and reserves			
Called-up share capital	14	**56,208**	56,208
Capital contribution reserve		**14,412**	14,412
Profit and loss account		**(71,682)**	(71,561)
Total shareholder's deficit		**(1,062)**	(941)

The notes on pages 10 to 22 are an integral part of these financial statements.

The financial statements of WRG Environmental Limited, registered number 02206141 were approved by the Board of Directors and authorised for issue on 12 August 2019. They were signed on its behalf by:

V F Orts-Llopis
Director

WRG Environmental Limited

Statement of changes in equity
For the year ended 31 December 2018

	Called-up share capital £'000	Capital Contribution reserve £'000	Profit and loss account £'000	Total £'000
Year ended 31 December 2018				
At 1 January 2018	56,208	14,412	(71,561)	(941)
Loss for the year and total comprehensive expense	-	-	(121)	(121)
At 31 December 2018	**56,208**	**14,412**	**(71,682)**	**(1,062)**
Year ended 31 December 2017				
At 1 January 2017	56,208	-	(69,976)	(13,768)
Loss for the year and total comprehensive expense	-	-	(1,585)	(1,585)
Capital contribution	-	14,412	-	14,412
At 31 December 2017	**56,208**	**14,412**	**(71,561)**	**(941)**

Notes to the financial statements
For the year ended 31 December 2018

1. **Corporate information**

WRG Environmental Limited is a private company limited by shares incorporated in the United Kingdom under the Companies Act 2006, registered in England and Wales. The address of the registered office is given on page 1. The nature of the Company's operations and its principal activities are set out in the Directors' report.

2. **Accounting policies**

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

General information and basis of accounting

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

The functional and presentational currency of WRG Environmental Limited is considered to be pounds sterling because that is the currency of the primary economic environment in which the Company operates.

Exemptions for qualifying entities under FRS 101

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

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

Where relevant, equivalent disclosures have been given in the consolidated FCC E UK group financial statements, copies of which are available from its registered office at Ground Floor West, 900 Pavilion Drive, Northampton Business Park, Northampton, NN4 7RG.

Notes to the financial statements
For the year ended 31 December 2018

2. Accounting policies (continued)

New and amended IFRS standards that are effective for the current year

New amendments to Standards and Interpretations that became mandatory for the first time for the financial year beginning 1 January 2018 are listed below. The new amendments had no significant impact on the Company's results other than IFRS 9 for which a detailed explanation is provided:

- IFRS 9 'Financial Instruments' (mandatory for the year commencing on or after 1 January 2018)
- IFRS 15 'Revenue from Contracts with Customers' (mandatory for the year commencing on or after 1 January 2018)
- IFRS 2 (amendments) 'Classification and Measurement of Share-based Payment Transactions' (mandatory for the year commencing on or after 1 January 2018)
- IFRS 4 (amendments) 'Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts' (mandatory for the year commencing on or after 1 January 2018)IAS 12 (amendments) 'Recognition of Deferred Tax Assets for Unrealised Losses'

Impact of the adoption of IFRS 9

IFRS 9 'Financial Instruments' is mandatory for accounting periods beginning on or after 1 January 2018. Due to the transition methods chosen by the Company in applying this standard, comparative information throughout these financial statements has not been restated to reflect the requirements of the new standard.

IFRS 9 sets out the requirements for recognising and measuring financial assets, financial liabilities and some contracts to buy or sell non-financial items. This standard replaces IAS 39 Financial Instruments: Recognition and Measurement.

Impairment - Financial Assets

IFRS 9 replaces the 'incurred loss' model in IAS 39 with a forward looking 'expected credit loss' (ECL) model. This will require judgement about how changes in economic factors affect ECLs, which will be determined on a probability-weighted basis. Under the IFRS 9 ECL model it is not necessary for a credit event to have occurred before credit losses are recognised.

The new impairment model will apply to financial assets measured at amortised cost or FVOCI, except for investments in equity instruments, and to contract assets. The Company has applied the simplified approach to assess lifetime expected credit losses for its trade receivables and contract assets as required or permitted by IFRS 9. We have assessed the impact the new requirements will have on the Company's accounting for intercompany balances by considering the ECL probability on the Company's intercompany receivables and no provision was considered necessary.

Transition

The Company has adopted the standard using the modified retrospective approach. There were no transitional adjustments for the Company on initial application.

New international accounting standards and interpretations not yet adopted

The following adopted IFRSs (by the European Union) have been issued but have not been applied in these financial statements. At the date of the financial statements, the company has not applied the following new and revised IFRSs that have been issued but not yet effective:

- IFRS 16 Leases
- IFRS 17 Insurance Contracts
- Amendments to IFRS 9 Prepayment Features with Negative Compensation
- Amendments to IAS 28 Long term Interests in Associates and Joint Ventures
- Annual Improvements to IFRS Standards 2015–2017 Cycle

2. Accounting policies (continued)

New international accounting standards and interpretations not yet adopted (continued)

- Amendments to IFRS 3 Business Combinations, IFRS 11 Joint Arrangements, IAS 12 Income Taxes and IAS 23 Borrowing Costs
- Amendments to IAS 19 Employee Benefits Plan Amendment, Curtailment or Settlement
- IFRS 10 Consolidated Financial Statements and IAS 28 (amendments) Sale or Contribution of Assets between an Investor and its Associate or Joint Venture
- IFRIC 23 Uncertainty over Income Tax Treatments

The Directors do not expect that the adoption of the aforementioned standards and interpretations will have a material impact on the financial statements of the company in future periods.

Going concern

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

Tangible fixed assets

Tangible fixed assets are stated at cost, net of depreciation and any provision for impairment. Depreciation is provided on all tangible fixed assets, other than freehold land, at rates calculated to write off the cost, less estimated residual value, of each asset on a straight-line basis over its expected useful life, as follows:

Freehold buildings	-	over 25 to 50 years
Freehold landfill sites	-	based on the void used in the period as a proportion of total void
Plant and equipment	-	3 to 10 years

Residual value represents the estimated amount which would currently be obtained from disposal of an asset, after deducting estimated costs of disposal, if the asset were already of the age and in the condition expected at the end of its useful life.

Decommissioning assets (and provisions) are created on commencement of operation at a site and depreciated as for landfill sites above. Capping assets (and provisions) are created in a similar way when new cell construction commences and capping assets are depreciated based on expected cell life.

Impairment of assets

Assets, other than those measured at fair value, are assessed for indicators of impairment at each balance sheet date. If there is objective evidence of impairment, an impairment loss is recognised in comprehensive income as described below.

Non-financial assets

An asset is impaired where there is objective evidence that, as a result of one or more events that occurred after initial recognition, the estimated recoverable value of the asset has been reduced. The recoverable amount of an asset is the higher of its fair value less costs to sell and its value in use.

The recoverable amount of goodwill is derived from measurement of the present value of the future cash flows of the cash-generating unit ("CGU") of which the goodwill is a part. Any impairment loss in respect of a CGU is allocated first to the goodwill attached to that CGU, and then to other assets within that CGU on a pro-rata basis.

2. Accounting policies (continued)

Impairment of assets (continued)

Where indicators exist for a decrease in impairment loss, the prior impairment loss is tested to determine reversal. An impairment loss is reversed on an individual impaired asset to the extent that the revised recoverable value does not lead to a revised carrying amount higher than the carrying value had no impairment been recognised. Where a reversal of impairment occurs in respect of a CGU, the reversal is applied first to the assets (other than goodwill) of the CGU on a pro-rata basis and then to any goodwill allocated to that CGU.

Financial assets

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

For financial assets carried at cost less impairment, the impairment loss is the difference between the asset's carrying amount and the best estimate of the amount that would be received for the asset if it were to be sold at the reporting date.

Where indicators exist for a decrease in impairment loss, and the decrease can be related objectively to an event occurring after the impairment was recognised, the prior impairment loss is tested to determine reversal. An impairment loss is reversed on an individual impaired financial asset to the extent that the revised recoverable value does not lead to a revised carrying amount higher than the carrying value had no impairment been recognised.

Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the Company expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the income statement net of any reimbursement. If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

Decommissioning and aftercare costs

Full provision is made for the net present value ("NPV") of the Company's projected costs, in respect of decommissioning liabilities at the Company's landfill sites, which have been capitalised in tangible fixed assets. The Company provides for all projected aftercare costs over the life of its landfill sites, based on the volumes of waste deposited in the year, since liabilities in relation to these costs arise as waste is deposited.

All long term provisions for decommissioning and aftercare costs are calculated based on the NPV of estimated future costs. Current cost estimates are inflated at 2.0% and discounted at 4.2% to calculate the NPV.

2. Accounting policies (continued)

Taxation

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

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

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

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

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

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

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

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

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

Turnover

Turnover, including landfill tax, is stated net of VAT and trade discounts and is recognised when the significant risks and rewards are considered to have been transferred to the buyer. Turnover is recognised in respect of waste disposal services when the waste has been received and disposed of. Where payments are received from customers in advance of services provided, the amounts are recorded as deferred income and included as part of creditors due within one year.

Employee benefits

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

Notes to the financial statements
For the year ended 31 December 2018

2. Accounting policies (continued)

Operating leases

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

3. Critical accounting judgements and key sources of estimation uncertainty

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

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

Provisions – Under environmental legislation and through regulation and planning consents, the Company is obliged to decommission and restore landfill sites to a prescribed standard. The elements included in the decommissioning provision are those projected costs which will be required to close down any given site in compliance with its environmental permit, planning conditions, and contractual and lease requirements. The provision is limited to costs incurred in the immediate closure and decommissioning period.

As well as decommissioning a site, the Company is obliged under its environmental permits and planning permission to manage a site for a period of up to 60 years or until it becomes inactive. As a result, in addition to provisions for decommissioning, the Company also establishes provisions for aftercare. Elements included in the provision are those projected costs which are required to ensure that a landfill site is properly managed in compliance with its environmental permit, planning conditions and lease terms during its closed phase.

In addition to the decommissioning and aftercare provisions, the Company makes provision for other costs relating to regulatory and environmental compliance to be incurred on items such as capping and leachate disposal.

These provisions are based principally on measurement and survey data and some engineering estimates, including cost assumptions. Estimating provisions over long time periods requires a number of assumptions and judgements to be made. Significant reductions in the estimates of the remaining site lives of the landfill sites or significant increases in estimates of decommissioning costs or aftercare costs due to changes in regulatory requirements or estimates could have a substantial impact on the value of the provisions.

An annual inflation rate of 2.0% has been assumed over the period of cost relating to the provisions and the provisions have been discounted at 4.2%.

4. Turnover

Turnover, including landfill tax, was generated in the United Kingdom from the handling, recycling and disposal of waste materials.

Notes to the financial statements
For the year ended 31 December 2018

5. Loss before taxation

Loss before taxation is stated after (crediting)/charging:

	2018 £'000	2017 £'000
(Decrease)/increase in environmental provisions on revision of estimate of future costs (included within provisions charge)	**(665)**	505
Depreciation of tangible fixed assets – owned	**147**	303
Operating lease rentals	**31**	39

Auditor's remuneration in respect of audit fees totalling £5,000 (2017: £5,000) has been met by FCC Recycling (UK) Limited, a fellow subsidiary undertaking of FCC E UK.

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

6. Staff costs

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

	2018 Number	2017 Number
Operational	**6**	7

Their aggregate remuneration comprised:

	2018 £'000	2017 £'000
Wages and salaries	**93**	115
Social security costs	**10**	13
Other pension costs (see note 16)	**4**	6
	107	134

Notes to the financial statements
For the year ended 31 December 2018

7. Directors' remuneration and transactions

None of the Directors received any remuneration or other benefits through the Company during the year ended 31 December 2018 or the previous financial year.

They are all remunerated as directors or employees of FCC E UK for services to the Group as a whole and as such it is not possible to directly attribute any element of their remuneration to services as a director of this Company. The Directors received total remuneration of £647,000 for services to the Group as a whole in the year ended 31 December 2018 (2017: £637,000). Certain Directors were remunerated by fellow subsidiary companies of FCC without recharge to the Group.

8. Interest payable and similar charges

	2018	2017
	£'000	£'000
Unwinding of discount (note 13)	**481**	869

9. Tax on loss

The tax position comprises:

	2018	2017
	£'000	£'000
Current tax		
United Kingdom corporation tax at 19% (2017: 19.25%) based on loss for the year	-	-
Total current tax	-	-
Deferred tax		
Origination and reversal of timing differences	-	-
Total deferred tax (see note 13)	-	-
Tax on loss	-	-

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

WRG Environmental Limited

Notes to the financial statements
For the year ended 31 December 2018

9. Tax on loss (continued)

The total tax position for both the current and previous year differs from the average standard rate of 19% (2017: 19.25%) for the reasons set out in the following reconciliation:

	2018 £'000	2017 £'000
Loss before tax	**(121)**	(1,585)
Tax on loss at average standard rate	**(23)**	(305)
Effects of:		
Income not subject to tax	**(123)**	(106)
Group relief surrendered	**146**	411
Total tax position	**-**	-

10. Tangible fixed assets

	Landfill sites £'000	Other freehold properties £'000	Plant and equipment £'000	Total £'000
Cost				
At 1 January 2018	58,560	95	2,024	60,679
Additions	277	-	2	279
Disposals	-	(32)	(836)	(868)
At 31 December 2018	58,837	63	1,190	60,090
Depreciation				
At 1 January 2018	58,428	95	2,008	60,531
Charge for the year	144	-	3	147
Disposals	-	(32)	(836)	(868)
At 31 December 2018	58,572	63	1,175	59,810
Net book value				
At 31 December 2018	**265**	**-**	**15**	**280**
At 31 December 2017	132	-	16	148

WRG Environmental Limited

Notes to the financial statements
For the year ended 31 December 2018

11. Debtors

	2018 £'000	2017 £'000
Amounts falling due within one year:		
Trade debtors	-	22
Prepayments	-	7
Amounts owed by fellow subsidiary undertakings	10,691	28,244
	10,691	28,273
Amounts falling due after more than one year:		
Amounts prepaid to fellow subsidiary undertaking	644	644
	644	644
	11,335	28,917

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

12. Creditors: amounts falling due within one year

	2018 £'000	2017 £'000
Trade creditors	30	44
Amounts owed to fellow subsidiary undertakings	-	16,549
Accruals	69	200
Other creditors	56	-
	155	16,793

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

Notes to the financial statements
For the year ended 31 December 2018

13. Provisions for liabilities

	Other provisions £'000	Decomm-issioning £'000	Landfill aftercare £'000	Total £'000
At 1 January 2018	3,653	682	8,878	13,213
Charged/(credited) to statement of comprehensive income and expense	358	-	(836)	(478)
New provisions capitalised in tangible fixed assets	10	178	-	188
Unwinding of discount (note 8)	-	32	449	481
Expended in year	(367)	(144)	(371)	(882)
At 31 December 2018	**3,654**	**748**	**8,120**	**12,522**

Decommissioning and landfill aftercare

The Group provides for the estimated cost of decommissioning its landfill sites at the end of their operational life and for their subsequent aftercare. The aftercare period is generally expected to be 60 years and expenditure will be incurred throughout this 60 year period. These provisions are discounted at a rate of 4.2% from the date on which the expenditure is expected to occur. These provisions by their nature require a significant degree of estimation and hence there is a degree of uncertainty with regards to the timing and amount of outflows of economic benefit.

Other provisions

Other provisions include the estimated cost of discharging environmental liabilities, including current capping of open landfill areas and the disposal of leachate, which arise during the operational phase of its landfill sites. Capping expenditure occurs as landfill cells are completed, whilst expenditure on the disposal of leachate occurs throughout the lifecycle of a landfill site.

Deferred tax

Deferred tax is provided as follows:

	Provided		**Unprovided**	
	2018 **£'000**	2017 £'000	**2018** **£'000**	2017 £'000
Depreciation less than capital allowances	-	-	**(30)**	(49)
Short term timing differences	-	-	**(628)**	(631)
	-	-	**(658)**	(680)

The Company has unprovided deferred tax assets as there is insufficient certainty as to whether events will materialise to crystallise the deferred tax.

Notes to the financial statements
For the year ended 31 December 2018

14. Called-up share capital and reserves

	2018 £'000	2017 £'000
Allotted, called-up and fully-paid		
56,208,166 ordinary shares of £1 each	**56,208**	56,208

Profit and loss account

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

Capital contribution reserve

The capital contribution reserve comprises capital amounts introduced by the Company's shareholders in return for neither debt nor share capital.

15. Financial commitments

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

	2018 £'000	2017 £'000
Not later than one year	**40**	22
Later than one year and not later than five years	**104**	88
Later than five years	**111**	105
	255	215

16. Retirement benefit schemes

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

The total expense charged to profit or loss in the year ended 31 December 2018 was £4,000 (2017: £6,000).

17. Contingent liabilities

(a) The Company is a member of a group VAT registration and as such has contingent liabilities for VAT in respect of other members of the Group.

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

(c) The Group must comply with the Environment Agency's financial provisioning requirements for its landfill sites in England and Wales, which is satisfied by providing financial security bonds. The total value of the bonds issued for this financial provisioning requirement at 31 December 2017 was £106.5million (2017: £99.0million) of which £1.5million (2017: £0.8million) related to the Company.

Notes to the financial statements
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18. Related party transactions

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

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

19. Controlling party

The immediate parent of the Company is WRG Acquisitions 2 Limited, a company registered in England and Wales.

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

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