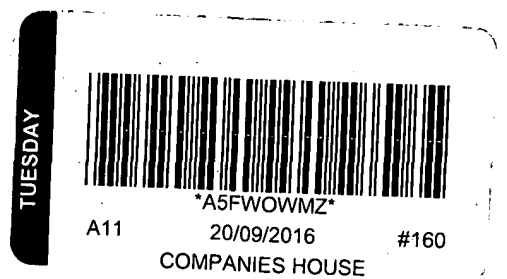


**Company Registration No. 03188850**

**Finstop Limited**

**Annual report and financial statements  
for the year ended 31 December 2015**



# **Finstop Limited**

## **Annual report and financial statements 2015**

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# **Finstop Limited**

## **Annual report and financial statements 2015**

### **Officers and professional advisers**

#### **Directors**

P Taylor  
V F Orts-Llopis  
A Serrano Minchan

#### **Company Secretary**

C Nunn

#### **Registered Office**

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

#### **Auditor**

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

# **Finstop Limited**

## **Strategic report**

The Directors present their strategic report on the affairs of Finstop Limited (“the Company”) for the year ended 31 December 2015.

### **Overview of Group**

The Company is a direct subsidiary of FCC Environment (UK) Limited (“FCC E UK”) and its ultimate parent is Fomento de Construcciones y Contratas, S.A. (“FCC”). FCC is a significant multi-national business listed on the Madrid stock exchange with operations in Europe, America, Africa and the Middle East. FCC’s principal activities cover Environmental Services (including water and waste management), Construction, Cement and Infrastructure.

FCC’s financial capacity and depth of experience in the European waste infrastructure sector is backed by over 100 years of experience in operating municipal services contracts. This complements both the position of the Company and its 40 fellow subsidiaries (together the “Group” or “FCC E UK”) as a leading waste management, recycling and renewable energy business, and the Group’s ambition to maintain its position as a significant player in establishing the next generation of waste treatment infrastructure in the UK. The core services provided by the Group are fully aligned with FCC’s strategic growth plans and it is ideally placed to take advantage of local opportunities to provide the services and infrastructure required by the UK to meet existing legislative framework and emerging proposals to create a circular economy by recognising the true value of the materials we handle. The Board continues to look forward to the opportunities that are presented to the Group and its employees by virtue of FCC’s plans to expand and embed its operations in the UK.

The Group’s strategy is to “Own the Waste” and to maximise the value of resource, produce renewable energy and provide 360° solutions to its customers. The Directors see the development of major waste infrastructure to support sustainable waste management and strategic long-term partnerships as key to the Group’s future business growth. It anticipates considerable activity and deployment of Group resources into recycling facilities, renewable energy projects, the development of innovative waste treatment solutions and the provision of regional facilities. The Directors remain of the view that Energy from Waste (“EfW”) will be a key component of UK’s waste and resource strategy and, in combination with other treatment, recycling and recovery operations, backed up by landfill disposal for residues, is a strategy that represents a long-term sustainable solution for meeting the Group’s clients’ diversion targets.

### **Principal activities**

The principal activity of the Company during the year ended 31 December 2015 was that of an investment holding company. The only transaction in the year was the impairment of fixed asset investments.

### **Results, dividends and key performance indicators**

The results for the year ended 31 December 2015 are set out on page 9. The loss (2014: result) for the financial year ended 31 December 2015 amounted to £8.6million (2014: £nil). The Company did not pay an interim dividend during the year (2014: £nil) and furthermore, the Directors do not recommend the payment of a final dividend (2014: £nil). The loss (2014: result) for the financial year has been withdrawn from reserves (2014: no impact on reserves), resulting in a corresponding increase in total shareholder’s deficit in the year (2014: no impact).

The Company’s overall results have been significantly impacted by the exceptional impairment of fixed asset investments during the year amounting to £8.6million (2014: £nil). The impairment relates to the earlier than expected closure of the subsidiaries’ landfill assets which is a result of a significant and sustained decline in both the quantity and quality of active waste landfilled in the UK and the move towards recycling and recovery.

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.

At 1 January 2014, the Company transitioned to FRS 101 from previously extant UK Generally Accepted Accounting Practice. The effects of the change on financial position and financial performance are reported in note 2 to the financial statements.

# Finstop Limited

## Strategic report

### Future developments

The waste industry continues to be under a rapidly changing and complex environment, due to the prevailing budgetary conditions of the municipal sector and the need to satisfy growing demand for more sophisticated services. The Directors continue to focus the Group's strategy on leveraging value from its existing assets and ensuring that it offers best value, quality services through sustainable waste management for both the municipal and commercial sectors whilst continuing to reduce costs.

The Group will also continue to pursue its stated strategy of owning the waste, maximising the value of resource and the investment in alternative waste treatment infrastructure and energy recovery technology as set out in the Overview of Group.

### Principal risks and uncertainties

Operating in the UK's highly regulated waste management market presents numerous risks and uncertainties to the Group. The Directors regard the following to be the principal risks and uncertainties affecting the Group and their approach to managing these risks and uncertainties is considered below:

- **Environmental risks:** The Group's environmental risks are tightly controlled under environmental legislation enforced principally by the Environment Agency ("EA"), Scottish Environment Protection Agency ("SEPA") and Natural Resources Wales ("NRW"). Compliance with all environmental legislation pertinent to the Group's activities is a minimum requirement. A dedicated in-house team prepare regular reports on environmental compliance at the Group's sites for the Director's review. Environmental objectives are reviewed annually and highlighted within the Group's Safety Health Environment and Quality (SHEQ) Policy Statement. In addition to this there are detailed environmental procedures to enable compliance with environmental legislation.
- **Health and safety:** Health and safety is a key issue for the Group due to the nature of its operations, including the use of heavy plant equipment and difficult working conditions. The Group is continually improving in this area as a result of ongoing consultation with the relevant authorities and the monitoring of best practice initiatives. Whenever an area is highlighted for improvement, the Group seeks to implement such improvement expeditiously; through bulletins, on-line training courses and tool-box briefings. The Group's Incident Review Panel meets quarterly, at which senior management review significant health and safety incidents that have occurred at Group sites to identify improvements and lessons for the business. All employees undertake a rigorous health and safety training programme, which is underpinned by the latest UK legislation, detailed policies and procedures. The Group's executive management receive regular, detailed reports on health and safety performance affecting the Group's operations and it employs a dedicated team, led by the Group Safety, Health, Environment and Quality Manager, to monitor and promote high standards. All employees are expected to recognise their role in achieving acceptable standards of health and safety and to exhibit such understanding through their approach and attitude to work.
- **Business continuity:** The Group, as part of its risk management programme, has developed business continuity planning for its operations. As part of this planning the Group has developed a bespoke emergency plan for each operational facility (including the diversion of waste from single or multiple sites in the event of major disruption or disaster affecting a site or region). The Group's IT systems are outsourced to a specialist IT services company and are covered by an IT disaster recovery plan, to ensure business continuity. The Group is working on the development of a new business continuity plan under the control of FCC E UK's IMS that will be designed around the British Standard 25999.
- **Legislation:** The Group monitors forthcoming and current legislation to ensure full compliance and to anticipate and assess the impact upon its operations, including the significant opportunities it can present. The waste management industry is subject to extensive government regulation which has a substantial impact on the Group's business, FCC E UK therefore actively lobbies for its interests at European, national and regional levels through trade associations and federations.
- **Economic:** The Group has exposure to reduced economic activity, and in the current year has seen waste volumes reduce where lower economic output has been a factor. The Group's strategy is focused on growing through recycling and EfW where margins are generally higher than traditional landfill.

# Finstop Limited

## Strategic report

### Principal risks and uncertainties (continued)

- **Litigation:** The Group is subject to litigation from time to time. The outcome of legal action is always uncertain and there is a risk that it may prove more costly and time consuming than expected. There is also a risk that litigation could be instigated in the future that could materially impact the Group. In some liability cases legal expenses are covered by the Group's liability insurance. This risk is mitigated through continued monitoring and employing an experienced and dedicated in-house legal team.
- **Competitive risk:** The Group operates in highly competitive markets in which competitors' service offerings may react faster to legislative and market dynamics than those of the Group. To mitigate this risk the Group ensures that its asset, cost and capital base is regularly reviewed and flexed to meet changes in customers' demands and to maximise cash generation.
- **Employees:** The loss of key employees or the inability to hire experienced management personnel could have a materially adverse effect on the business. To manage this risk, succession planning for senior positions within the Group is undertaken. In addition, the Group has the benefit of being able to draw on wider resources from within the FCC Group.
- **Technology:** The Group relies on a variety of information technology platforms for the efficient delivery of its services and has therefore employed a structured IT support team, using internal and external resources. In addition, as there are a wide variety of technologies available to the waste management industry, there is a risk that the technologies employed by the Group might fail to deliver expected performance levels or end products for its customers and so the Group has made a significant investment into establishing a dedicated technical and development team. This team review and assess the available technologies before any are adopted to ensure they will meet the needs of the business and those of its customers.

### 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 credit and liquidity risk.

### Credit and liquidity 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 the other members of 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.

### Going concern

The Directors, having assessed the responses of their enquiries to the direct parent company FCC E UK, have reviewed projected cash flows and continue to adopt the going concern basis in preparing the annual report and financial statements. Further details regarding the adoption of the going concern basis can be found in the accounting policies in the financial statements.

Approved by the Board and signed on its behalf by:



**C Nunn**  
Company Secretary

7 September 2016

# **Finstop Limited**

## **Directors' report**

The Directors present their annual report and the audited financial statements of the Company for the year ended 31 December 2015.

### **Directors**

The following individuals served as Directors of the Company during the year ended 31 December 2015 and up to the date of this report:

P Taylor  
V F Orts-Llopis  
A Serrano Minchan

### **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 FCC.

### **Future developments**

The future developments of the Company are considered in detail in the Strategic report on page 2.

### **Employees**

The professionalism and commitment shown by the Group's employees over the last year continues to be a major contribution to its operations. The Board would like to thank all employees for their hard work, dedication and loyalty during the year.

FCC E UK is committed to ensuring that its policies and practices reflect human resource best practice. The Group's policy of equal opportunity gives all employees the same chance to succeed, irrespective of age, race, nationality, ethnic origin, disability, membership of a trade union, sex or marital status. The Group has a structured training and development programme and is fully committed to ensuring that all employees have the necessary skills and knowledge to do their jobs effectively. Subject to the nature of its businesses in the waste management industry, the policy of the Group is to ensure that there are fair opportunities for the employment, career development and training of disabled persons.

The Board is dedicated to maintaining the highest standards of honesty, openness and accountability and recognise that employees have an important part to play in achieving this goal. All employees are encouraged to report any concerns they may have over wrongdoing at work via the Group's internal reporting system. In addition, FCC E UK has engaged an independent confidential reporting (whistleblowing) service that employees can access should they feel uncomfortable in approaching management.

Training continues to be a high priority for the Group and it recognises that it is vital that its employees have the relevant skills to take up the new and exciting roles that are being created as the industry, and therefore the business, evolves.

The Directors recognise the importance of communication with employees and members of the executive management team regularly visit sites and discuss matters of current interest and concern to the business with staff. In addition, the executive management regularly report on the Group's successes and performance to the entire Group via a monthly brief delivered by local management and announcements on the Group Intranet. An in-house magazine is also published on a regular basis.

# **Finstop 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 prepared the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 101 Reduced Disclosure Framework (FRS 101).

Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable United Kingdom Accounting Standards, including FRS 101, have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and 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.

Approved by the Board and signed on its behalf by:



**C Nunn**  
Company Secretary

7 September 2016



## **Independent auditor's report to the members of Finstop Limited**

We have audited the financial statements of Finstop Limited for the year ended 31 December 2015 which comprise of the statement of comprehensive income, the balance sheet, the statement of changes in equity and the related notes 1 to 13. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 101 Reduced Disclosure Framework.

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

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

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

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

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

### **Opinion on financial statements**

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2015 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

### **Opinion on other matter prescribed by the Companies Act 2006**

In our opinion the information given in the Strategic report and the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements.

## **Independent auditor's report to the members of Finstop Limited**

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

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.



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

9/9 September 2016

## **Finstop Limited**

### **Statement of comprehensive income Year ended 31 December 2015**

	<b>Notes</b>	<b>2015 £'000</b>	<b>2014 £'000</b>
Exceptional items – impairment of investments	4	<u>(8,625)</u>	<u>-</u>
<b>Loss on ordinary activities before taxation</b>		<b>(8,625)</b>	<b>-</b>
Tax on loss on ordinary activities	6	<u>-</u>	<u>-</u>
<b>Loss for the financial year</b>		<b>(8,625)</b>	<b>-</b>
Other comprehensive income for the year, net of tax		<u>-</u>	<u>-</u>
<b>Total comprehensive expense for the year</b>		<b><u>(8,625)</u></b>	<b><u>-</u></b>

All results in the year ended 31 December 2015 relate to continuing operations.

The notes on pages 12 to 19 are an integral part of these financial statements.

# Finstop Limited

## Balance sheet at 31 December 2015

	Note	2015 £'000	2014 £'000
<b>Fixed assets</b>			
Investments	7	<u>8,071</u>	<u>16,696</u>
<b>Current assets</b>			
Debtors: amounts due after more than one year	8	<u>12,569</u>	<u>12,569</u>
<b>Net current assets</b>		<u>12,569</u>	<u>12,569</u>
<b>Total assets less current liabilities</b>		<u>20,640</u>	<u>29,265</u>
<b>Creditors: amounts falling due after more than one year</b>	9	<u>(14,000)</u>	<u>(14,000)</u>
<b>Net liabilities</b>		<u>6,640</u>	<u>15,265</u>
<b>Capital and reserves</b>			
Called-up share capital	10	15,265	15,265
Profit and loss account		<u>(8,625)</u>	<u>-</u>
<b>Shareholder's deficit</b>		<u>6,640</u>	<u>15,265</u>

The notes on pages 12 to 19 are an integral part of these financial statements.

The financial statements of Finstop Limited, registered number 03188850 were approved by the Board of Directors and authorised for issue on 7 September 2016. They were signed on its behalf by:



V F Orts-Llopis  
Director

## **Finstop Limited**

### **Statement of changes in equity Year ended 31 December 2015**

	<b>Called-up share capital £'000</b>	<b>Profit and loss account £'000</b>	<b>Total £'000</b>
<b>Year ended 31 December 2015</b>			
At 1 January 2015	15,265	-	15,265
Loss for the year	-	(8,625)	(8,625)
Other comprehensive income	-	-	-
	<u>15,265</u>	<u>(8,625)</u>	<u>6,640</u>
<b>At 31 December 2015</b>	<b><u>15,265</u></b>	<b><u>(8,625)</u></b>	<b><u>6,640</u></b>
<b>Year ended 31 December 2014</b>			
At 1 January 2014	15,265	-	15,265
Result for the year	-	-	-
Other comprehensive income	-	-	-
	<u>15,265</u>	<u>-</u>	<u>15,265</u>
<b>At 31 December 2014</b>	<b><u>15,265</u></b>	<b><u>-</u></b>	<b><u>15,265</u></b>

# **Finstop Limited**

## **Notes to the financial statements For the year ended 31 December 2015**

### **1. Corporate information**

Finstop Limited is a company incorporated in the United Kingdom under the Companies Act. The address of the registered office is given on page 1. The nature of the Company's operations and its principal activities are set out in the Strategic 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, modified by the revaluation of freehold and leasehold properties, and in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework (FRS 101) issued by the Financial Reporting Council.

The Company has transitioned to FRS 101 from previously extant UK Generally Accepted Accounting Practice for all periods presented. There were no adjustments to the financial statements arising from the transition.

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

#### **Exemptions for qualifying entities under FRS 101**

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

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

# **Finstop Limited**

## **Notes to the financial statements For the year ended 31 December 2015**

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

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

In the current year, the Group has applied a number of amendments to IFRSs issued by the International Accounting Standards Board (IASB) that are mandatorily effective for an accounting period that begins on or after 1 January 2015 (except as noted below). Their adoption has not had any material impact on the disclosures or on the amounts reported in these financial statements.

- Amendments to IAS 19 Defined Benefit Plans: Employee Contributions
- Annual Improvements to IFRSs 2010 - 2012 Cycle
- Annual Improvements to IFRSs 2011 - 2013 Cycle

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

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

- IFRS 9 – Financial instruments
- IFRS 15 – Revenue from Contracts with Customers
- IFRS 11 (amendments) – Accounting for Acquisitions of Interests in Joint Operations
- IAS 1 (amendments) – Disclosure Initiative
- IAS 16 and IAS 38 amendments – Clarification of Acceptable Methods of Depreciation and Amortisation
- IAS 27 (amended) – Equity Method in Separate Financial Statements
- IFRS 10 and IAS 28 amendments – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture
- IFRS 10, IFRS 12 and IAS 28 (amendments) – Investment Entities: Applying the Consolidation Exemption
- Annual Improvements to IFRSs 2012 - 2014 Cycle

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.

Beyond the information above, it is not practicable to provide a reasonable estimate of the effect of these standards until a detailed review has been completed.

#### **Going concern**

The financial statements have been prepared on a going concern basis, notwithstanding net liabilities at 31 December 2015 of £113.7million. The Directors believe the going concern basis to be appropriate because the Company's balance sheet contains only investments in subsidiary undertakings and intercompany balances. With the exception of movements on fixed asset investments, the Company is dormant and the Directors neither expect it to trade nor for there to be any cash flows in the foreseeable future.

#### **Consolidation**

The Company has claimed exemption from the preparation of consolidated financial statements under section 400 of the Companies Act 2006 as it is a subsidiary of a group which has prepared consolidated financial statements. Accordingly, these financial statements present information about the Company and not the group.

#### **Investments**

In the Company balance sheet, investments including investments in associates are measured at cost less impairment.

# **Finstop Limited**

## **Notes to the financial statements For the year ended 31 December 2015**

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

#### **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.

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.

#### **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.



# **Finstop Limited**

## **Notes to the financial statements For the year ended 31 December 2015**

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

#### **Taxation (continued)**

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.

#### **Exceptional items**

Exceptional items are defined as material items which derive from events or transactions that fall within the ordinary activities of the company and which individually or, if of a similar type, in aggregate, need to be disclosed by virtue of their size or incidence if the financial statements are to give a true and fair view.

### **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.

Taxation - Estimates may be required in determining the level of current and deferred income tax assets and liabilities which the Directors believe are reasonable and adequately recognise any income tax related uncertainties. Various factors may have favourable or adverse effects on the income tax assets or liabilities. These include changes in legislation, tax rates and allowances, future levels of spending and the Company's future earnings.

# Finstop Limited

## Notes to the financial statements For the year ended 31 December 2015

### 4. Loss on ordinary activities before taxation

Loss on ordinary activities before taxation is stated after charging:

	2015	2014
	£'000	£'000
Impairment of fixed asset investments	<u>8,625</u>	<u>-</u>

Auditor's remuneration in respect of audit fees totalling £1,000 (2014: £1,000) has been met by FCC Recycling (UK) Limited, a fellow subsidiary undertaking of FCC E UK.

The directors have recorded an exceptional impairment charge of £8.6million (2014: £nil) during the year. Further details are set out in note 7. The impairment is not deductible tax purposes.

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.

### 5. Information regarding Directors and employees

None of the Directors received any remuneration or other benefits through the Company during the year ended 31 December 2015 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 company had no employees during the current or previous financial year.

### 6. Tax on loss on ordinary activities

The tax position comprises:

	2015	2014
	£'000	£'000
<b>Current tax</b>		
United Kingdom corporation tax at 20.25% (2014: 21.5%) based on loss for the year	<u>-</u>	<u>-</u>

#### Deferred tax

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

Finance Act 2015 (No.2), which was substantively enacted in October 2015, included provisions to reduce the rate of corporation tax to 19% with effect from 1 April 2017 and 18% from 1 April 2020.

# Finstop Limited

## Notes to the financial statements For the year ended 31 December 2015

### 6. Tax on loss on ordinary activities (continued)

The total tax position for both the current and previous year differs from the average standard rate of 20.25% (2014: 21.5%) for the reasons set out in the following reconciliation:

	2015 £'000	2014 £'000
<b>Loss on ordinary activities before tax</b>	<b>(8,625)</b>	-
Tax on loss on ordinary activities at average standard rate	(1,747)	-
Effects of:		
Expenses not deductible for tax	1,747	-
<b>Total tax position</b>	<b>-</b>	<b>-</b>

### 7. Fixed asset investments

	Total £'000
<b>Cost</b>	
At 1 January 2015 and 31 December 2015	16,696
<b>Provisions</b>	
At 1 January 2015	-
Impairment charge	8,625
At 31 December 2015	8,625
<b>Net book value</b>	
At 31 December 2015	8,071
At 31 December 2014	16,696

The Company has an interest in the issued ordinary share capital of the following companies:

Company	Incorporated	Nature of business	Proportion of voting rights and shares held
Darrington Quarries Limited	England and Wales	Quarrying and landfill management	100%
Waste Recycling Group (Yorkshire) Limited	England and Wales	Handling, recycling and disposal of waste materials	100%*

\*Company held indirectly by an intermediate company

The impairment loss recognised in the year has been measured by reference to the value in use of the underlying investments. Management estimates discount rates that reflect current market assessments of the time value of money and the risk specific to the CGUs of 5.7% (2014: 6.8%). The rates used to discount the cash flows in both 2015 and 2014 for the CGUs have been based on the Group's weighted average cost of capital. The cash flow forecasts have been projected on a life of site basis applying growth rates based on economic indicators including gross domestic product and demographics.

# Finstop Limited

## Notes to the financial statements For the year ended 31 December 2015

### 8. Debtors: amounts due after more than one year

	2015 £'000	2014 £'000
Amounts owed by subsidiary undertakings	<u>12,569</u>	<u>12,569</u>

Amounts owed by subsidiary undertakings are unsecured, interest free and have no fixed date of repayment.

### 9. Creditors: amounts falling due after more than one year

	2015 £'000	2014 £'000
Amounts owed to parent undertaking	<u>14,000</u>	<u>14,000</u>

Amounts owed to parent undertakings are unsecured, interest free and have no fixed date of repayment.

### 10. Called-up share capital

	2015 £	2014 £
<b>Allotted, called-up and fully-paid</b> 15,264,769 ordinary shares of £1 each	<u>15,265</u>	<u>15,265</u>

### 11. 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.

### 12. Related party transactions

The cost of the annual return fee was borne by FCC Recycling (UK) Limited, a fellow subsidiary undertaking of FCC E UK.

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.

# **Finstop Limited**

## **Notes to the financial statements For the year ended 31 December 2015**

### **13. Controlling party**

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

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

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