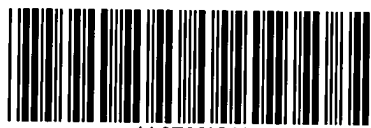


**Company Registration No. 02206141**

**WRG Environmental Limited**

**Annual report and financial statements  
for the year ended 31 December 2016**

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# **WRG Environmental Limited**

## **Annual report and financial statements 2016**

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# **WRG Environmental Limited**

## **Annual report and financial statements 2016**

### **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  
Statutory Auditor  
2 New Street Square  
London  
EC4A 3BZ  
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 2016.

### Principal activity

The principal activity of the Company during the year ended 31 December 2016 was the handling, recycling and disposal of waste materials.

### Directors

The Directors who served during the year ended 31 December 2016 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 2016 are set out on page 6. The loss for the financial year amounted to £2.4million (2015: £1.1million loss). The increased loss was driven by a higher environmental provisions charge in the year. The Company did not pay an interim dividend during the year (2015: £nil) and furthermore, the Directors do not recommend the payment of a final dividend (2015: £nil). The loss (2015: loss) for the financial year has been withdrawn from (2015: withdrawn from) reserves, resulting in a corresponding increase (2015: increase) in total shareholder's deficit in the year.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.

### 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 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 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 and signed on its behalf by:



**C Nunn**  
Company Secretary

1/8/2017

# **WRG Environmental Limited**

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

We have audited the financial statements of WRG Environmental Limited for the year ended 31 December 2016 which comprise of the statement of comprehensive income and expense, the balance sheet, the statement of changes in equity and 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 (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 2016 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 matters prescribed by the Companies Act 2006**

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

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

In 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 Directors' Report.

## **Independent auditor's report to the members of WRG Environmental 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; or
- the directors were not entitled to take advantage of the small companies exemption from preparing a Strategic report or in preparing the Directors' report.



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

7th August 2017

## WRG Environmental Limited

### Statement of comprehensive income and expense Year ended 31 December 2016

	Notes	2016 £'000	2015 £'000
Turnover	4	2,437	2,627
Cost of sales		(4,341)	(3,190)
<b>Gross loss</b>		<b>(1,904)</b>	<b>(563)</b>
Administrative expenses		(37)	(69)
<b>Operating loss</b>		<b>(1,941)</b>	<b>(632)</b>
Interest payable and similar charges	8	(443)	(435)
<b>Loss on ordinary activities before taxation</b>	5	<b>(2,384)</b>	<b>(1,067)</b>
Tax on loss on ordinary activities	9	-	-
<b>Loss for the financial year</b>		<b>(2,384)</b>	<b>(1,067)</b>
Other comprehensive income for the year, net of tax		-	-
<b>Total comprehensive expense for the year</b>		<b>(2,384)</b>	<b>(1,067)</b>

All results in the year ended 31 December 2016 relate to continuing operations.

The notes on pages 9 to 20 are an integral part of these financial statements.



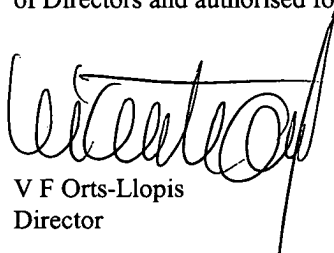
# WRG Environmental Limited

## Balance sheet at 31 December 2016

	Note	2016 £'000	2015 £'000
<b>Fixed assets</b>			
Tangible assets	10	<u>67</u>	<u>-</u>
<b>Current assets</b>			
Debtors: amounts due within one year	11	42,544	44,281
Debtors: amounts due after more than one year	11	<u>748</u>	<u>748</u>
		43,292	45,029
<b>Creditors: amounts falling due within one year</b>	12	<u>(44,689)</u>	<u>(44,724)</u>
<b>Net current (liabilities)/assets</b>		<u>(1,397)</u>	<u>305</u>
<b>Total assets less current liabilities</b>		<u>(1,330)</u>	<u>305</u>
<b>Provisions for liabilities</b>	13	<u>(12,437)</u>	<u>(11,689)</u>
<b>Net liabilities</b>		<u>(13,767)</u>	<u>(11,384)</u>
<b>Capital and reserves</b>			
Called-up share capital	14	56,208	56,208
Profit and loss account		<u>(69,975)</u>	<u>(67,592)</u>
<b>Total shareholder's deficit</b>		<u>(13,767)</u>	<u>(11,384)</u>

The notes on pages 9 to 20 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 1 August 2017. They were signed on its behalf by:

  
V F Orts-Llopis  
Director

# WRG Environmental Limited

## Statement of changes in equity Year ended 31 December 2016

	<b>Called-up share capital £'000</b>	<b>Profit and loss account £'000</b>	<b>Total £'000</b>
<b>Year ended 31 December 2016</b>			
At 1 January 2016	56,208	(67,592)	(11,384)
Loss for the year	-	(2,384)	(2,384)
Other comprehensive income	-	-	-
	<hr/>	<hr/>	<hr/>
<b>At 31 December 2016</b>	<b><u>56,208</u></b>	<b><u>(69,976)</u></b>	<b><u>(13,768)</u></b>
<b>Year ended 31 December 2015</b>			
At 1 January 2015	56,208	(66,525)	(10,317)
Loss for the year	-	(1,067)	(1,067)
Other comprehensive income	-	-	-
	<hr/>	<hr/>	<hr/>
<b>At 31 December 2015</b>	<b><u>56,208</u></b>	<b><u>(67,592)</u></b>	<b><u>(11,384)</u></b>

# WRG Environmental Limited

## Notes to the financial statements For the year ended 31 December 2016

### 1. Corporate information

WRG Environmental 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 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 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*

# WRG Environmental Limited

## Notes to the financial statements For the year ended 31 December 2016

### 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 2016. Their adoption has not had any material impact on the disclosures or on the amounts reported in these financial statements.

- Annual Improvements to IFRSs 2012 - 2014 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):

- IAS 12 (amendment) – Income taxes; Recognition of deferred tax assets for unrealised losses
- IAS 7 (amendment) – Cashflow statements; Disclosure initiative
- IFRS 9 – Financial instruments
- IFRS 15 – Revenue from Contracts with Customers
- IFRS 16 - Leases

#### 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.

# WRG Environmental Limited

## Notes to the financial statements For the year ended 31 December 2016

### 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.

#### 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.

# WRG Environmental Limited

## Notes to the financial statements For the year ended 31 December 2016

### 2. Accounting policies (continued)

#### 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 2.5% and discounted at 5.0% to calculate the NPV.

#### 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.

# WRG Environmental Limited

## Notes to the financial statements For the year ended 31 December 2016

### 2. Accounting policies (continued)

#### 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.

#### 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.

# WRG Environmental Limited

## Notes to the financial statements For the year ended 31 December 2016

### 3. Critical accounting judgements and key sources of estimation uncertainty (continued)

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 2.5% has been assumed over the period of cost relating to the provisions and the provisions have been discounted at 5.0%.

### 4. Turnover

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

### 5. Loss on ordinary activities before taxation

Loss on ordinary activities before taxation is stated after charging:

	2016 £'000	2015 £'000
Increase in environmental provisions on revision of estimate of future costs (included within provisions charge)	334	164
Impairment of tangible fixed assets	-	-
Depreciation of tangible fixed assets – owned	185	154
Operating lease rentals	34	36
	<u>334</u>	<u>164</u>

Auditor's remuneration in respect of audit fees totalling £5,000 (2015: £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:

	2016 Number	2015 Number
Operational	7	6
	<u>7</u>	<u>6</u>

Their aggregate remuneration comprised:

	2016 £'000	2015 £'000
Wages and salaries	117	112
Social security costs	11	10
Other pension costs (see note 16)	4	4
	<u>132</u>	<u>126</u>



# WRG Environmental Limited

## Notes to the financial statements For the year ended 31 December 2016

### 7. Directors' remuneration and transactions

None of the Directors received any remuneration or other benefits through the Company during the year ended 31 December 2016 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.

### 8. Interest payable and similar charges

	2016 £'000	2015 £'000
Unwinding of discount (note 13)	443	435

### 9. Tax on loss on ordinary activities

The tax position comprises:

	2016 £'000	2015 £'000
<b>Current tax</b>		
United Kingdom corporation tax at 20.00% (2015: 20.25%) based on loss for the year	-	-
<b>Total current tax</b>	-	-
<b>Deferred tax</b>		
Origination and reversal of timing differences	-	-
<b>Total deferred tax (see note 13)</b>	-	-
<b>Tax on loss on ordinary activities</b>	-	-

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 2016

### 9. 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 20.0% (2015: 21.25%) for the reasons set out in the following reconciliation:

	2016 £'000	2015 £'000
<b>Loss on ordinary activities before tax</b>	<b>(2,384)</b>	<b>(1,067)</b>
Tax on loss on ordinary activities at average standard rate	(477)	(216)
Effects of:		
Income not subject to tax	(83)	(160)
Group relief surrendered	560	376
<b>Total tax position</b>	<b>-</b>	<b>-</b>

### 10. Tangible fixed assets

	Landfill sites £'000	Other freehold properties £'000	Plant and equipment £'000	Total £'000
<b>Cost</b>				
At 1 January 2016	57,940	95	2,008	60,043
Additions	252	-	-	252
At 31 December 2016	58,192	95	2,008	60,295
<b>Depreciation</b>				
At 1 January 2016	57,940	95	2,008	60,043
Charge for the year	185	-	-	185
At 31 December 2016	58,125	95	2,008	60,228
<b>Net book value</b>				
At 31 December 2016	<b>67</b>	<b>-</b>	<b>-</b>	<b>67</b>
At 31 December 2015	-	-	-	-

# WRG Environmental Limited

## Notes to the financial statements For the year ended 31 December 2016

### 11. Debtors

	2016 £'000	2015 £'000
<i>Amounts falling due within one year:</i>		
Trade debtors	6	13
Amounts owed by fellow subsidiary undertakings	42,538	44,268
	<u>42,544</u>	<u>44,281</u>
<i>Amounts falling due after more than one year:</i>		
Amounts prepaid to fellow subsidiary undertaking	748	748
	<u>748</u>	<u>748</u>
	<u>43,292</u>	<u>45,029</u>

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

	2016 £'000	2015 £'000
Trade creditors	66	95
Amounts owed to fellow subsidiary undertakings	44,498	44,498
Accruals	125	131
	<u>44,689</u>	<u>44,724</u>

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

# WRG Environmental Limited

## Notes to the financial statements For the year ended 31 December 2016

### 13. Provisions for liabilities

	Other provisions £'000	Decomm- issioning £'000	Landfill aftercare £'000	Total £'000
At 1 January 2016	2,919	759	8,011	11,689
Charged to profit and loss account	1,615	93	219	1,927
New provisions capitalised in tangible fixed assets	226	-	-	226
Unwinding of discount (note 8)	-	38	405	443
Expended in year	(1,346)	(79)	(423)	(1,848)
<b>At 31 December 2016</b>	<b>3,414</b>	<b>811</b>	<b>8,212</b>	<b>12,437</b>

#### 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 5% 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	
	2016 £'000	2015 £'000	2016 £'000	2015 £'000
Depreciation less than capital allowances	-	-	(64)	(107)
Short term timing differences	-	-	(575)	(515)
	-	-	(639)	(622)

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

### 14. Called-up share capital and reserves

	2016 £'000	2015 £'000
<b>Allotted, called-up and fully-paid</b>		
56,208,166 ordinary shares of £1 each	<b>56,208</b>	<b>56,208</b>

#### 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.

# WRG Environmental Limited

## Notes to the financial statements For the year ended 31 December 2016

### 15. Financial commitments

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

	2016 £'000	2015 £'000
Not later than one year	28	20
Later than one year and not later than five years	99	78
Later than five years	126	120
	<u>253</u>	<u>218</u>

### 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 2016 was £4,000 (2015: £4,000).

### 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 2016 was £102.7million (2015: £102.4million) of which £1.9million (2015: £1.9million) related to the Company.

### 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.

# **WRG Environmental Limited**

## **Notes to the financial statements For the year ended 31 December 2016**

### **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.