

Company Registration No. 01108984 (England and Wales)

QUERCIA LIMITED
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020
PAGES FOR FILING WITH REGISTRAR

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QUERCIA LIMITED

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QUERCIA LIMITED

BALANCE SHEET

AS AT 31 DECEMBER 2020

	Notes	2020 £	£	2019 £	£
Fixed assets					
Tangible assets	3	5,148,552		5,672,021	
Investments	4		2		2
		<u>5,148,554</u>		<u>5,672,023</u>	
Current assets					
Stocks	5	148,389		149,680	
Debtors	6	3,445,905		4,116,442	
Cash at bank and in hand		822		126,872	
		<u>3,595,116</u>		<u>4,392,994</u>	
Creditors: amounts falling due within one year	7	<u>(10,067,148)</u>		<u>(10,455,601)</u>	
Net current liabilities			<u>(6,472,032)</u>		<u>(6,062,607)</u>
Total assets less current liabilities			<u>(1,323,478)</u>		<u>(390,584)</u>
Provisions for liabilities	8		<u>(2,327,950)</u>		<u>(2,420,737)</u>
Net liabilities			<u><u>(3,651,428)</u></u>		<u><u>(2,811,321)</u></u>
Capital and reserves					
Called up share capital		5,000,100		5,000,100	
Revaluation reserve		255,793		286,701	
Profit and loss reserves		<u>(8,907,321)</u>		<u>(8,098,122)</u>	
Total equity		<u><u>(3,651,428)</u></u>		<u><u>(2,811,321)</u></u>	

The directors of the company have elected not to include a copy of the profit and loss account within the financial statements.

These financial statements have been prepared and delivered in accordance with the provisions applicable to companies subject to the small companies regime.

The financial statements were approved by the board of directors and authorised for issue on 11 March 2021 and are signed on its behalf by:

Mr E Friz
Director

Company Registration No. 01108984

QUERCIA LIMITED

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2020

	Share capital	Revaluation reserve	Profit and loss reserves	Total
	£	£	£	£
Balance at 1 January 2019	5,000,100	358,816	(7,540,751)	(2,181,835)
Year ended 31 December 2019:				
Loss and total comprehensive income for the year	-	-	(629,486)	(629,486)
Transfers	-	(72,115)	72,115	-
Balance at 31 December 2019	5,000,100	286,701	(8,098,122)	(2,811,321)
Year ended 31 December 2020:				
Loss and total comprehensive income for the year	-	-	(840,107)	(840,107)
Transfers	-	(30,908)	30,908	-
Balance at 31 December 2020	5,000,100	255,793	(8,907,321)	(3,651,428)

QUERCIA LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

1 Accounting policies

Company information

Quercia Limited is a private company limited by shares incorporated in England and Wales. The registered office is 501 Green Place, Walton Summit Centre, Bamber Bridge, Lancashire, United Kingdom, PR5 8AY.

1.1 Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006 as applicable to companies subject to the small companies regime. The disclosure requirements of section 1A of FRS 102 have been applied other than where additional disclosure is required to show a true and fair view.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared under the historical cost convention modified to include the revaluation of freehold properties. The principal accounting policies adopted are set out below.

1.2 Going concern

The company meets its day to day working capital requirements through a £6,900,000 (2019: £6,900,000) overdraft facility and intercompany loans.

The directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. The company has received a letter of financial support from Çimentaş İzmir Çimento Fabrikası Türk A.Ş. ("Çimentaş"), the parent company, stating that they will support the company for a period of at least twelve months from the date of signing of these financial statements. Therefore, the directors continue to adopt the going concern basis in preparing the financial statements.

1.3 Turnover

Turnover is recognised at the fair value of the consideration received or receivable for goods and services provided in the normal course of business, and is shown net of VAT and other sales related taxes. The fair value of consideration takes into account trade discounts, settlement discounts and volume rebates.

Revenue is recognised when the significant risks and rewards of ownership of the goods have passed to the company (usually on disposal of waste to the landfill), the amount of revenue can be measured reliably, it is probable that the economic benefits associated with the transaction will flow to the entity and the costs incurred or to be incurred in respect of the transaction can be measured reliably.

QUERCIA LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

1 Accounting policies

(Continued)

1.4 Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Freehold land and buildings	5 - 10 years
Fixtures, fittings, plant & equipment	5 - 13 years
Fixtures and fittings	4 years
Motor vehicles	5 years
Future costs of restoration	by reference to volume of waste deposited
Landfill Lining	by reference to volume of waste deposited
Assets in the course of construction	not depreciated until brought into use

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is credited or charged to profit or loss.

1.5 Fixed asset investments

Interests in subsidiaries, associates and jointly controlled entities are initially measured at cost and subsequently measured at cost less any accumulated impairment losses. The investments are assessed for impairment at each reporting date and any impairment losses or reversals of impairment losses are recognised immediately in profit or loss.

A subsidiary is an entity controlled by the company. Control is the power to govern the financial and operating policies of the entity so as to obtain benefits from its activities.

1.6 Impairment of fixed assets

At each reporting period end date, the company reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

QUERCIA LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

1 Accounting policies

(Continued)

1.7 Stocks

Stocks are stated at cost. Stocks are not held for distribution and comprises consumables.

At each reporting date, an assessment is made for impairment. Any excess of the carrying amount of stocks over its estimated selling price less costs to complete and sell is recognised as an impairment loss in profit or loss. Reversals of impairment losses are also recognised in profit or loss.

1.8 Cash and cash equivalents

Cash and cash equivalents are basic financial assets and include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

1.9 Financial instruments

The company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the company's balance sheet when the company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Basic financial assets

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

Classification of financial liabilities

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

Basic financial liabilities

Basic financial liabilities, including creditors, bank loans, loans from fellow group companies and preference shares that are classified as debt, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

QUERCIA LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

1 Accounting policies

(Continued)

1.10 Provisions

Provisions are recognised when the Company has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount of the obligation can be estimated reliably. Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations might be small.

In particular:

- restructuring provisions are recognised when the Company has a detailed, formal plan for the restructuring and has raised a valid expectation in those affected by either starting to implement the plan or announcing its main features to those affected and therefore has a legal or constructive obligation to carry out the restructuring; and
- provision is not made for future operating losses.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as a finance cost.

ii. Contingencies

Contingent liabilities are not recognised, except those acquired in a business combination. Contingent liabilities arise as a result of past events when (i) it is not probable that there will be an outflow of resources or that the amount cannot be reliably measured at the reporting date or (ii) when the existence will be confirmed by the occurrence or non-occurrence of uncertain future events not wholly within the Company's control. Contingent liabilities are disclosed in the financial statements unless the probability of an outflow of resources is remote.

Contingent assets are not recognised. Contingent assets are disclosed in the financial statements when an inflow of economic benefits is probable.

Restoration and aftercare provisions

Restoration

Full provision is made for the net present value (NPV) of the Company's minimum unavoidable costs in respect of the restoration liabilities at the landfill site which have been capitalised in tangible fixed assets. The group continues to provide for all after care costs over the life of the landfill site based on the volume of waste deposited in the year

Aftercare

Provision for the care and monitoring of the site post closure is made on the Director's best estimate of future aftercare requirements for the site as a whole for a period of 60 years following the estimated final closure of the landfill as required by the Landfill Directive.

The long term provisions for restoration and aftercare costs are calculated on the NPV of estimated future costs. Current cost estimates are inflated at 3% and discounted at 5% to calculate the NPV. The effect of the unwinding of the discount element is reflected as a finance cost.

Environmental provision

The environmental provision represents the best estimate of future costs in relation to the Environment Agency's ongoing landfill investigation.

QUERCIA LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

1 Accounting policies

(Continued)

1.11 Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

1.12 Retirement benefits

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

1.13 Government grants

Government grants are recognised at the fair value of the asset received or receivable when there is reasonable assurance that the grant conditions will be met and the grants will be received.

A grant that specifies performance conditions is recognised in income when the performance conditions are met. Where a grant does not specify performance conditions it is recognised in income when the proceeds are received or receivable. A grant received before the recognition criteria are satisfied is recognised as a liability.

1.14 Foreign exchange

Transactions in currencies other than pounds sterling are recorded at the rates of exchange prevailing at the dates of the transactions. At each reporting end date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the reporting end date. Gains and losses arising on translation in the period are included in profit or loss.

2 Employees

The average monthly number of persons (including directors) employed by the company during the year was:

	2020 Number	2019 Number
Total	33	35

QUERCIA LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

3 Tangible fixed assets

	Freehold land and buildings	Assets under construction	Fixtures, fittings, plant & equipment	Motor vehicles	Future costs of restoration	Landfill Lining	Total
	£	£	£	£	£	£	£
Cost or valuation							
At 1 January							
2020	4,041,595	139,192	7,738,559	20,491	902,342	2,411,019	15,253,198
Additions	-	-	15,369	-	-	340,216	355,585
At 31 December 2020	4,041,595	139,192	7,753,928	20,491	902,342	2,751,235	15,608,783
Depreciation and impairment							
At 1 January							
2020	3,584,211	139,192	4,477,988	16,134	701,374	662,278	9,581,177
Depreciation charged in the year	53,485	-	581,635	998	23,721	219,215	879,054
At 31 December 2020	3,637,696	139,192	5,059,623	17,132	725,095	881,493	10,460,231
Carrying amount							
At 31 December 2020	403,899	-	2,694,305	3,359	177,247	1,869,742	5,148,552
At 31 December 2019	457,384	-	3,260,571	4,357	200,968	1,748,741	5,672,021

The freehold land and buildings comprising the landfill site were valued at £4,041,595 by the directors on 31 October 1998 on an open market value basis.

	2020 £	2019 £
Cost	1,128,869	1,128,869
Accumulated depreciation	(1,050,171)	(1,027,594)
Carrying value	78,698	101,275

QUERCIA LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

4 Fixed asset investments

	2020 £	2019 £
Shares in group undertakings and participating interests	2	2

Movements in fixed asset investments

	Shares in group undertakings £
Cost or valuation	
At 1 January 2020 & 31 December 2020	2
Carrying amount	
At 31 December 2020	2
At 31 December 2019	2

5 Stocks

	2020 £	2019 £
Consumables	148,389	149,680

6 Debtors

	2020 £	2019 £
Amounts falling due within one year:		
Trade debtors	872,708	1,205,882
Amounts owed by group undertakings	1,859,757	1,859,757
Other debtors	85,474	422,837
	2,817,939	3,488,476
Deferred tax asset	627,966	627,966
	3,445,905	4,116,442

Amounts owed from group undertakings are interest-free and repayable on demand.

QUERCIA LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

7 Creditors: amounts falling due within one year

	2020 £	2019 £
Bank loans and overdrafts	5,929,157	5,676,213
Trade creditors	216,615	172,606
Amounts owed to group undertakings	3,530,859	3,167,449
Taxation and social security	263,353	997,249
Other creditors	127,164	442,084
	10,067,148	10,455,601

The bank overdraft is an unsecured bank facility that is repayable on demand subject to a variable interest rate.

Amounts owed to group undertakings are interest-free and repayable on demand.

8 Provisions for liabilities

	2020 £	2019 £
Restoration costs	955,524	1,089,442
Aftercare costs	1,072,426	1,031,295
Environmental provision	300,000	300,000
	2,327,950	2,420,737

Movements on provisions:

	Restoration costs £	Aftercare costs £	Environmental provision £	Total £
At 1 January 2020	1,089,442	1,031,295	300,000	2,420,737
Additional provisions in the year	-	41,131	-	41,131
Utilisation of provision	(92,052)	-	-	(92,052)
Unwinding of discount	52,399	-	-	52,399
Movement due to change in assumptions	(94,265)	-	-	(94,265)
At 31 December 2020	955,524	1,072,426	300,000	2,327,950

Restoration costs

The provision for restoration costs represents an estimate of the future costs to restore the landfill site to its original condition. During the year there has been a change in the assumption of the future capping costs by management. As the site comes closer to closure, management has a more accurate view of the costs to complete the capping of landfill which is how the change in assumptions has occurred.

QUERCIA LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

8 Provisions for liabilities

(Continued)

After care costs

Provision for the care and monitoring of the site post closure is made on the Director's best estimate of future aftercare requirements for the site for a period of 60 years following the estimated final closure of the landfill as required by the Landfill Directive.

Environmental provision

The environmental provision represents the best estimate of future costs in relation to the Environment Agency's ongoing landfill investigation.

9 Retirement benefit schemes

	2020	2019
Defined contribution schemes	£	£
Charge to profit or loss in respect of defined contribution schemes	25,141	22,598

The company operates a defined contribution pension scheme for all qualifying employees. The assets of the scheme are held separately from those of the company in an independently administered fund.

10 Audit report information

As the income statement has been omitted from the filing copy of the financial statements, the following information in relation to the audit report on the statutory financial statements is provided in accordance with s444(5B) of the Companies Act 2006:

The auditor's report was unqualified.

The senior statutory auditor was Christopher Johnson FCA.

The auditor was PM+M Solutions for Business LLP.

11 Parent company

The ultimate parent company is Cementir Holding N.V, a company incorporated in Italy.

The largest group in which the results of the Company are consolidated is that headed by Cementir Holding N.V, incorporated in Italy. The smallest group in which they are consolidated is that headed by Recydia Inc, incorporated in Turkey.

This document was delivered using electronic communications and authenticated in accordance with the registrar's rules relating to electronic form, authentication and manner of delivery under section 1072 of the Companies Act 2006.