Company Registration No. 01190039 (England and Wales)

SAFETY-KLEEN U.K. LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2021

SAFETY-KLEEN U.K. LIMITED

COMPANY INFORMATION

Directors	O Kunc A Griffith E Wieffering
Company number	01190039
Registered office	Profile West 950 Great West Road Brentford Middlesex TW8 9ES
Independent Auditor	PricewaterhouseCoopers LLP 4th Floor One Reading Central, 23 Forbury Road Reading RG1 3JH United Kingdom

SAFETY-KLEEN U.K. LIMITED

CONTENTS

The directors present their Strategic Report for Safety-Kleen U.K. Limited ("the Company") for the year ended 31 December 2021. The Company is a private company limited by shares incorporated in the United Kingdom ("UK") and registered in England and Wales.

Principal activities

The Company's principal activity is the provision of surface treatment and chemical application services across a wide range of industrial segments, ranging from Automotive MRO (Maintenance, Repair & Overhaul), Metal Working and Transport to Manufacturing. This activity is undertaken through the Company's integrated network of 19 branches throughout the United Kingdom.

The Company generates revenue from the contracted servicing of its machines and industrial collections. These machines are predominantly owned by the Company or, in a limited number of cases, by the customer and are located at the customer's premises.

The machines are primarily used for surface cleaning (pre-washing, de-greasing, de-coating) and surface preparation (pre-washing, rinsing, drying, coating) of parts or tools. In addition, the Company organises the replacement or collection of the various solutions used, including mineral spirits, thinners and aqueous-based detergents.

The benefits for the customer are to reduce their compliance risks, maximise their productivity and deliver consistent levels of quality surface cleaning.

In addition, revenue is also generated from the specialist collection and subsequent recycling or resale of industrial waste, including used oil collected from customers.

Review of the business

The Company's key financial and other performance indicators during the year were as follows:

	Year ended 31 December 2021 £'000	Year ended 31 December 2020 £'000	Change %
Revenue	76,900	73,331	4.9
Operating profit	15,009	17,917	-16.2
Profit for the year	14,055	16,168	-13.1
Current assets	58,721	49,387	18.9
Current liabilities	15,041	18,144	-17.1
Current liabilities as % of current assets	25.6%	36.7%	-30.2
Average number of employees	566	518	9.3

Revenue increased by 4.9% during the year, driven by growth in industrial waste collections and maintaining high volume of machine services consistently throughout the year.

Other key operational performance metrics monitored by management are machine placements and pulls at new and existing customers, on-time service performance and number of machines overdue, average machine service interval and average machine service price, all measured at branch level by machine type.

Operating profit decreased by 16.2% during the year due to increases in cost of sales and administrative expenses which have seen increases due to inflation. Operating profit was also impacted by the absence of other operating income that was present in the previous year's financial statements because of government job retention support.

Net current assets increased by 39.8% during the year due to increases in current assets attributed to increases in amounts owed by subsidiary undertakings and decreases in current liabilities predominantly due to reduced taxation and social securities

The average number of employees during the year was 566 (2020: 518).

In addition, management monitors underlying EBITDA £26.1m (2020: £28.3m) (defined as earnings before interest, tax, depreciation, amortisation and exceptional items) and cash generation, comparing these against prior year and the annual budget. The overall decrease in EBITDA is largely due to increased costs which have adversely affected this measure.

Review of the business (continued)

Principal risks and uncertainties

The Directors consider that the principal risks and uncertainties of the business can be broken down into external and internal factors as follows:
External factors

- Competitive risks

The Company faces a variety of small local competitors, mainly serving the automotive market sector, including used-oil collectors. However, the Company has a strong established customer base and offers an advanced machine portfolio serving a variety of customer applications. Its strong environmental reputation provides its customers with assurance that their collected waste is handled in strict accordance with necessary regulations.

- Customer demand risks

Customers may have less need for the Company's machines in the rapidly changing economic environment. In response to customer needs, the Company is investing in developing additional services to enhance and improve customer experience, including the collection of used-oil and other waste products, and the offer of other complementary services.

- Regulatory risks

Regulatory risk arises from a failure or inability to comply fully with the laws, regulations or codes applicable to the industries in which the Company operates. Non-compliance could lead to fines, damage to reputation or in extreme cases; withdrawal of license to operate; to mitigate this risk the company works closely with local authorities and national regulatory bodies such as the Environment Agency to ensure full compliance.

- Technological risks

In order to meet growing environmental health and safety and manufacturing challenges, the technology of the equipment and chemistry used is becoming more sophisticated and is increasing the capital cost of the machines. However, the Company sees this as an opportunity and is working in the development of new machines to meet the requirements of industrial customers requiring more tailored solutions to meet their cleaning needs.

- Change in price of oil and petrochemicals

The Company is exposed to movements in oil and petrochemical prices for virgin solvent and vehicle fuel purchases, as well as the selling price of waste oil, which has an impact on the associated revenue stream.

- Supply chain continuity and business interruption

The Company sources parts washers and spray equipment cleaners from a small number of suppliers and maintains in-house production and refurbishment capability. A number of supply contracts are in place for waste recycling but the Directors consider that alternative suppliers are available in the event of severe service interruptions.

- Economic environment risks

Conflict in Ukraine
The Company is not directly impacted by the war in Ukraine, with no operations or suppliers in either Russia or Ukraine. However, the Company is exposed to oil prices through the chemicals it uses in its cleaning solutions and through fuel and energy costs. In addition, there is the potential for significant economic disruption which could impact Safetykleen customers.

General Inflation
The Company is exposed to rising costs, in particular within oil (as noted above), energy and steel. The company aim to mitigate this exposure through use of recycled materials, whilst also reflecting general inflation within future sales pricing.

Covid-19
The direct impact of Covid was in 2020, with service levels returning to normal in 2021. However the impact on the Global economy can still be felt, with supply chain challenges and a labour skills shortage in key markets.

Review of the business (continued)

Internal factors

- Health and safety risks

The Directors attach great importance to training in order to minimise the risk of incidents. Furthermore, the branch infrastructure construction is designed to minimise these risks through the use of bunding around tanks, leak detection systems, and fire protection systems.

- System failure risks

All sales and customer information is held in a bespoke computer system managed by the group's Information Technology department. All data is backed up daily, with a second server mirroring the other, held off-site at a specialist third-party provider.

- People risks

Attracting, motivating, and retaining employees at all levels within the organisation is key to providing our clients with ongoing high levels of customer service. Accordingly, the company continues to invest in its workforce to drive a high-performance culture and ensure retention of key staff.

Financial risk management

The Company's operations expose it to a variety of financial risks that include foreign exchange risk, credit risk, liquidity risk and interest rate risk. The policies set by the Board of Directors of Shilton Midco 2 Limited, the Company's ultimate parent undertaking, are implemented by the group's Head Office Finance department which provides a centralised service for the provision of finance, and the management and control of liquidity, foreign exchange and interest rates.

Ultimately, the Company's funding is inter-related with that of the group of companies headed by Shilton Midco 2 Limited, whose funding arrangements are disclosed in the financial statements of Shilton Midco 2 Limited.

The Directors consider the Company's key strengths as follows:

- Leading brand, unrivalled reputation

The Company is recognised by industry leaders, in both the automotive and industrial sectors, as the market leader in the provision and servicing of parts cleaners, with a strong environmental and regulatory compliance reputation.

- Service excellence, breadth of machine offering

With over three decades of service, the Company has developed an advanced machine portfolio to serve a variety of customer applications.

The Company has continued to grow its geographical presence in the UK through its extensive branch network. This means that local expertise is on hand to co-ordinate and administer best practice at a local level to meet the customer's needs.

The Company is well-positioned as the leading partner to industrial and automotive customers in surface treatment and chemical application services. The Director's strategy is to increase its presence in chosen industrial segments whilst developing its range of products and services.

Review of the business (continued)

Employees
The Company places considerable value on the involvement of its employees at all levels with the aim of ensuring that views are taken into account when decisions are made that are likely to affect their interests and that all employees are aware of the financial and economic performance of their business units and the Company as a whole. Staff members are kept informed of performance through briefing meetings and internal communications whilst management regularly visit business locations to discuss matters of current interest with staff.

Equal opportunities
The Company's policy is not to discriminate against anyone, on any grounds. Applications for employment by disabled persons are always fully considered, bearing in mind the aptitudes of the applicant concerned. In the event of members of staff becoming disabled every effort is made to ensure that their employment with the Company continues and that appropriate training is arranged. It is the policy of the Company that the training, career development and promotion of disabled persons should, as far as possible, be identical to that of other employees.

s172 Statement
Section 172 of the Companies Act 2006 requires a director of a company to act in the way he or she considers, in good faith, would most likely promote the success of the company for the benefits of its members as a whole. In doing this s172 requires a director to have regard, among other matters, to the:

- Likely consequences of any decisions in the long term;
- Interests of the company's employees;
- Need to foster the company's business relationships with suppliers, customers and others;
- Impact of the company's operations on the community and environment;
- Desirability of the company maintaining a reputation for high standards of business conduct; and
- Need to act fairly as between members of the company

This statement intends to set out how the Board of Directors, both individually and collectively, has had regard to the above matters when undertaking their duties during the year in discharging their s172 duties. The aim of the directors is to act fairly and in the best interests of the company over the long term. In making their decisions the directors also consider any associated risks when discharging their duties. Please see summary above for the Company's principal risks and uncertainties surrounding the business.

The principal decisions of the Board are those that have a potentially material impact on the company's long term performance, value creation or a stakeholder group. The Board's principal activities during the year covered (i) review of monthly financial performance, (ii) approval of the annual budget, (iii) monitoring funding available to the business or from group, (iv) review of progress in key actions of the executive management, and (v) review of specific matters that are reserved for the Board (set out in the reserved matters of our shareholder agreement).

We identify our key stakeholders as our employees, customers, suppliers, shareholders and regulators with whom we work. There were no principal decisions of the Board that impacted our stakeholders during the year.
The Company is well-positioned as the leading partner to industrial and automotive customers in surface treatment and chemical application services. The Director's strategy is to increase its presence in chosen industrial segments whilst developing its range of products and services.

On behalf of the board

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A Griffith
Director 30.(9/22
....

The directors present their annual report, together with the audited financial statements, of the Company for the year ended 31 December 2021.

Results and dividends
The results for the year are set out on page 16.

The company's profit for the financial year is £14.1m (2020: £16.2m.) No dividend payment (2020: Nil) was made during 2021.

Directors
The directors of the Company who unless otherwise stated were in office during the year and up to the date of signing the financial statements were:

M Cawley	(Resigned 19 October 2021)
A Griffith	
M Oldersma	(Resigned 1 February 2021)
E Wieffering	(Appointed 1 February 2021)
O Kunc	(Appointed 22 March 2022)

Directors' Indemnities
As permitted by the Articles of Association, the directors have the benefit of an indemnity which is a qualifying third party indemnity provision as defined by Section 234 of the Companies Act 2006. The indemnity was in force throughout the last financial year and is currently in force. The Company also purchased and maintained throughout the financial year directors' and officers' liability insurance in respect of itself and its directors.

Supplier payment policy
The company's current policy concerning the payment of trade creditors is to follow the CBI's Prompt Payers Code (copies are available from the CBI, Centre Point, 103 New Oxford Street, London WC1A 1DU).

The company's current policy concerning the payment of trade creditors is to:

- settle the terms of payment with suppliers when agreeing the terms of each transaction;
- ensure that suppliers are made aware of the terms of payment by inclusion of the relevant terms in contracts; and
- pay in accordance with the company's contractual and other legal obligations.

Trade creditors of the company at the year-end were equivalent to 60 day's purchases, based on the average daily amount invoiced by suppliers during the year.

Financial risk management
Details of the financial risk management are set out within the Strategic Report.

Research and development
The Company is continually looking at ways to improve the service it provides to its customers through developments in equipment and materials, facilitated by the group's Research and Development resources. There were no research and development costs in 2021.

Independent auditors
The auditors PricewaterhouseCoopers LLP have indicated their willingness to continue in office and a resolution concerning their re-appointment will be proposed at a general meeting.

Statement of directors' responsibilities
Statement of directors' responsibilities in respect of the financial statements

The directors are responsible for preparing the Annual report and the financial statements in accordance with applicable law and regulation.
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 United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law).
Under company law, 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 year. In preparing the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 101 have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements 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 safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.
The directors are also 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.
Directors' confirmations
In the case of each director in office at the date the directors' report is approved:

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

Going concern

The company meets its day to day working capital requirements through its cash reserves and ordinary activities. The current economic conditions continue to create uncertainty, particularly over the level of demand for the Company's services. The Company's forecasts and projections, taking account of possible changes in trading performance, show that the Company will be able to operate with the level of its current cash reserves. After making enquiries, the directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. The Company therefore continues to adopt the going concern basis in preparing its financial statements.

Disclosure of information to auditors

Each of the persons who is a director at the date of approval of this report confirms that, so far as each of the directors is aware, there is no relevant audit information (that is, information needed by the Company's auditors in connection with preparing their report) of which the Company's auditors are unaware. Each director has taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

Streamlined Energy and Carbon Reporting

Fuel	Annual Fuel Usage	Annual Energy (kWh)	Annual Carbon Emission (tCO_2e)	% of Carbon Footprint
Building Gas (kWh)	704,273 (2020: 1,031,962)	704,273 (2020: 1,031,962)	129 (2020: 190)	2%
Company Fuel (km/miles)	7,619,761 (2020: 1,446,963)	23,420,954 (2020:15,346,490)	5,893 (2020: 3,754)	93%
Building Electricity (kWh)	1,363,134 (2020: 1,438,465)	1,363,134 (2020: 1,438,465)	289 (2020: 335)	5%
Grey Fleet Mileage (Miles)	18,792 (2020: 59,943)	21,676 (2020: 72,960)	5 (2020: 17)	0.1%
Electricity T&D Losses	- (2020: -)	- (2020: -)	26 (2020: -)	0.4%
Total		25,510,037 kWh	6,342 tCO_2e	

As part of the Streamlined Energy and Carbon Reporting (SECR) framework, it has been identified that the total energy use for Safetykleen UK is 25,510,037 kWh (2020:17,889,877 kWh) for the period 1 January 2021-31 December 2021. The total carbon emissions for Safetykleen during the reporting period is 6,342 tCO_2e (2020: 4,296 tCO_2e). This highlights a year on year 43% increase for energy consumption and a 48% increase for carbon emissions. The main contributor for the carbon emissions is the company fleet vehicles which account for 92.9% of the overall emissions.

The profiles above show the following intensity metrics for the 2021 reporting period:

- Overall energy usage is 1468 kWh per m^2 of floor area
- Carbon emissions equate to 0.37 tCO_2e per m^2 of floor area.

The above metrics include for all building, transport and process fuel energy.

The following points outline some of the key areas of energy efficient measures implemented during the year:

- Investment grade energy and carbon audits and energy and carbon reduction action plans have been carried out at key strategic branches.
- Installation of LED lighting where necessary as part of energy reduction action plans and continued through the planned maintenance.
- Energy controls installed including timers on equipment such as drink machines and heater controls in production at the distribution centre.
- Future investment into on-site generation through solar pv installations.
- Network printers set up as default to print double sided and in mono.
- Water is re-used in the production process when cleaning machines at the distribution centre refurbishment facility.

On behalf of the board

....

A Griffith
Director

Date: ....30/9/22....

Opinion

In our opinion, Safety-Kleen U.K. Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2021 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual report and financial statements (the "Annual Report"), which comprise: the statements of financial position as at 31 December 2021; the statement of comprehensive income and the statement of changes in equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

However, because not all future events or conditions can be predicted, this conclusion is not a guarantee as to the company's ability to continue as a going concern.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

With respect to the Strategic report and Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on our work undertaken in the course of the audit, the Companies Act 2006 requires us also to report certain opinions and matters as described below.

Strategic report and Directors' Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic report and Directors' Report for the year ended 31 December 2021 is consistent with the financial statements and has 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 did not identify any material misstatements in the Strategic report and Directors' Report.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Statement of directors' responsibilities in respect of the financial statements , the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

Based on our understanding of the company and industry, we identified that the principal risks of non-compliance with laws and regulations related to compliance with tax legislation , and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the financial statements such as the Companies Act 2006. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to posting inappropriate accounting entries to manipulate financial results and management bias in accounting estimates. Audit procedures performed by the engagement team included:

- discussions with management and those charged with governance, including consideration of known or suspected instances of non-compliance with laws and regulation and fraud;
- evaluation of management's controls designed to prevent and detect irregularities;
- auditing the risk of management override of controls, including through testing journal entries, in particular, testing a sample of journal entries with unusual general ledger account combinations that enhance EBITDA performed and other adjustments for appropriateness, testing accounting estimates (because of the risk of management bias), and evaluating the business rationale of significant transactions outside the normal course of business;
- reviewing minutes of meetings of those charged with governance;
- designing audit procedures to incorporate unpredictability around the nature, timing or extent of our testing.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

Use of this report

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Other required reporting

Companies Act 2006 exception reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion:

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

We have no exceptions to report arising from this responsibility.

Craig Skelton (Senior Statutory Auditor)
For and on behalf of PricewaterhouseCoopers LLP

Chartered Accountants
Statutory Auditor

30 September 2022

4th Floor
One Reading Central, 23 Forbury Road
Reading
RG1 3JH

SAFETY-KLEEN U.K. LIMITED

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2021

	Note	2021 £'000	2020 £'000
Revenue	3	76,900	73,331
Cost of sales		(47,442)	(43,747)
Gross profit		29,458	29,584
Administrative expenses		(14,555)	(13,020)
Other operating income		106	1,353
Operating profit	5	15,009	17,917
Finance costs		(782)	(958)
Profit before taxation		14,227	16,959
Tax on profit	8	(172)	(791)
Profit and total comprehensive income for the financial year		14,055	16,168

The activities of the Company arise solely from continuing operations.

The Company had no recognised gains and losses other than those included in the results above and therefore no other comprehensive income has been presented.

SAFETY-KLEEN U.K. LIMITED

STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2021

	Notes	2021 £'000	2020 £'000
Non-current assets			
Intangible assets	9	2,543	2,549
Property, plant and equipment	10	18,173	16,439
Right-of-use assets	11	9,876	13,617
Investments	12	3,244	3,244
		33,836	35,849
Current assets			
Inventories	14	3,912	3,230
Trade and other receivables	15	51,657	40,347
Deferred tax asset	20	499	1,500
Cash and cash equivalents		2,653	4,310
		58,721	49,387
Current liabilities			
Trade and other payables	17	7,752	8,210
Taxation and social security		2,236	4,726
Lease liabilities	11	3,036	3,353
Deferred income	22	2,017	1,855
		15,041	18,144
Net current assets		43,680	31,243
Total assets less current liabilities		77,516	67,092
Non-current liabilities			
Lease liabilities	11	7,974	11,313
Provisions for liabilities			
Other provisions	21	255	547
Net assets		69,287	55,232

SAFETY-KLEEN U.K. LIMITED

STATEMENT OF FINANCIAL POSITION (CONTINUED)

AS AT 31 DECEMBER 2021

	Notes	2021 £'000	2020 £'000
Equity			
Called up share capital		10	10
Retained earnings		69,277	55,222
Total equity		69,287	55,232

The financial statements were approved by the board of directors and authorised for issue on 30/09/22 and are signed on its behalf by:

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A Griffith
Director

Company Registration No. 01180039

SAFETY-KLEEN U.K. LIMITED

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2021

	Share capital £'000	Retained earnings £'000	Total £'000
Balance at 1 January 2020	10	39,054	39,064
Year ended 31 December 2020:			
Profit and total comprehensive income for the year	-	16,168	16,168
Balance at 31 December 2020	10	55,222	55,232
Year ended 31 December 2021:			
Profit and total comprehensive income for the year	-	14,055	14,055
Balance at 31 December 2021	10	69,277	69,287

1 Accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below.

1.1 General Information

Safety-Kleen U.K. Limited develops, refurbishes and services parts washing machines for metal working, transport, manufacturing, and automotive industries. The company also provides waste collection services which include auto waste, waste oil and industrial waste. The company operates in the UK but does provide machine sales to our international counterparts in Ireland, France, Belgium, Germany, Spain, China, Hong Kong, Portugal, Czech Republic, Slovakia and Italy.

The company is a private company and is incorporated and domiciled in the UK. The Address of its registered office is Profile West, 950 Great West Road, Brentford, Middlesex, TW8 9ES.

1.2 Basis of preparation

The financial statements of Safety-Kleen U.K. Limited have been prepared in accordance with Financial Reporting Standard 101, 'Reduced disclosure framework' ("FRS101"). The financial statements have been prepared under the historical cost convention, and in accordance with the Companies Act 2006 as applicable to companies using FRS 101.

The preparation of financial statements in conformity with FRS101 requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity or areas, where assumptions and estimates are significant to the financial statements, are discussed in note 2. The accounting policies have been applied consistently, other than where new policies have been adopted.

The Company's ultimate parent undertaking, Shilton Midco 2 Limited includes the Company in its consolidated financial statements. The consolidated financial statements of Shilton Midco 2 Limited are available to the public and may be obtained from Companies House, Crown Way, Cardiff, CF14 3UZ. Consequently, the Company has taken advantage of the exemption from preparing consolidated financial statements under the terms of section 400 of the Companies Act 2006.

1 Accounting policies (continued)

The following exemptions from the requirements of IFRS have been applied in the preparation of these financial statements in accordance with FRS101

- IAS 7, 'Statement of cash flows';
- Paragraph 38 of IAS 1, 'Presentation of financial statements' – comparative information requirements in respect of:
- paragraph 79(a)(iv) of IAS 1;
- paragraph 73(e) of IAS 16, 'Property, plant and equipment'; and
- paragraph 118(e) of IAS 38, 'Intangible assets' (reconciliations between the carrying amount at the beginning and end of the year);
- The requirements in IAS 24, 'Related party disclosures', to disclose related party transactions entered into between two or more members of a group;
- The following paragraphs of IAS 1, 'Presentation of financial statements':
- 10(d) (statement of cash flows);
- 16 (statement of compliance with all IFRS);
- 38A (requirement for minimum of two primary statements, including cash flow statements);
- 38B-D (additional comparative information);
- 111 (statement of cash flows information); and
- 134-136 (capital management disclosures).
- Paragraphs 30 and 31 of IAS 8, 'Accounting policies, changes in accounting estimates and errors' (requirement for the disclosure of information when an entity has not applied a new IFRS that has been issued but is not yet effective);
- Paragraph 17 of IAS 24, 'Related party disclosures' (key management compensation);
- Paragraphs 45(b) and 46 to 52 of IFRS 2, 'Share-based payment' (details of the number and weighted average exercise prices of share options, and how the fair value of goods or services received was determined).

As the consolidated financial statements of Shilton Midco 2 Limited include the equivalent disclosures, the Company has also taken the exemptions under FRS 101 available in respect of the following disclosures:

- certain disclosures required by IAS 36 Impairment of assets in respect of the impairment of goodwill and indefinite life intangible assets;
- disclosures required by IFRS 5 Non-current Assets Held for Sale and Discontinued Operations in respect of the cash flows of discontinued operations;
- certain disclosures required by IFRS 3 Business combinations in respect of the business combinations by the Company in the current and prior years including the comparative year's reconciliation for goodwill; and
- certain disclosures required by IFRS 13 Fair Value Measurement and the disclosures required by IFRS 7 Financial Instrument Disclosures.

1.3 Going concern

The directors are required to prepare financial statements on the going concern basis, unless it is inappropriate to presume that the company will continue in business. The directors believe that the adoption of the going concern basis in the preparation of the financial statements is appropriate as the directors of the group headed by Shilton Midco 2 Limited, of which the Company is a member, have confirmed that it will provide the necessary financial support for 12 months from the date of approval of these financial statements. In concluding on the going concern basis, the directors have also considered the financial position of the Shilton Midco 2 Limited group, further details of which are disclosed in the consolidated financial statements of Shilton Midco 2 Limited.

1 Accounting policies (continued)

1.4 Revenue

Revenue comprises the value of sales (excluding VAT and trade discounts) of goods and services provided in the normal course of business and is recognised in the following manner for each of the Company's principal activities:

Company owned machine servicing – evenly over the year between services
Customer owned machine servicing – at point of service
Waste services – at point of service

Deferred revenue arising from Company owned machine servicing is included in trade payables and is released to the income statement in accordance with the revenue recognition policy stated above.

Accrued revenue arising from goods and services supplied but not yet invoiced is included in trade receivables and is released to the income statement when invoiced.

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer (usually on dispatch of the goods), 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.

Revenue from contracts for the provision of professional services is recognised by reference to the stage of completion when the stage of completion, costs incurred and costs to complete can be estimated reliably. The stage of completion is calculated by comparing costs incurred, mainly in relation to contractual hourly staff rates and materials, as a proportion of total costs. Where the outcome cannot be estimated reliably, revenue is recognised only to the extent of the expenses recognised that are recoverable.

When it is probable that total contract costs will exceed total contract turnover, the expected loss is recognised as an expense immediately.

Where the outcome of a contract cannot be estimated reliably, contract costs are recognised as expenses in the year in which they are incurred and contract revenue is recognised to the extent of contract costs incurred where it is probable that they will be recoverable.

Bank interest accruing on capital borrowed to fund the production of long term contracts is carried forward within long term contract balances.

The company recognises revenue from the following major sources:

- owned machine servicing
- Customer owned machine servicing
- Waste services

1 Accounting policies (continued)

1.5 Goodwill

Goodwill represents the excess of the cost of acquisition of unincorporated businesses over the fair value of net assets acquired. It is initially recognised as an asset at cost and is subsequently measured at cost less impairment losses.

Goodwill arising on acquisitions before the date of transition to FRS101 has been retained at the previous UK GAAP amounts, subject to being tested for impairment at that date.

1.6 Property, plant and equipment

Property, plant and equipment are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

Tangible fixed assets are stated at historic purchase cost less accumulated depreciation. Cost includes the original purchase price of the asset and the costs attributable to bringing the asset to its working condition for its intended use. Depreciation is provided at rates calculated to write off the cost, less estimated residual value, of each asset on a straight-line basis over its expected economic useful life at the following rates:

Freehold land and buildings	Freehold land is not depreciated; -
Motor vehicles	10.0% – 20.0%
Machinery and equipment	4.0% – 20.0%
Equipment at customers	7.0% - 20.0%
Leasehold improvement	10.0%

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 recognised in the income statement.

1 Accounting policies (continued)

1.7 Impairment of tangible and intangible assets

At each reporting end date, the Company tests its goodwill for impairment (as required) and also reviews the carrying amounts of its other tangible and intangible 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.

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.

1.8 Inventories

Solvent, goods for resale, spare parts and accessories are stated at the lower of cost and net realisable value. Provision is made for obsolete, slow moving or defective items where appropriate. This cost is determined by standard cost valuation and a first in first out basis is applied on movement. Inventory costs only include raw material costs. Drums used as part of the machine service offering for the transportation and storage of solvents, as well as drums used in the collection of waste materials, are recognised as short life assets and recorded as inventory. The cost of these drums is then released to the profit and loss over a life of one year as an amortisation charge.

Net realisable value is the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution.

1.9 Fair value measurement

IFRS 13 establishes a single source of guidance for all fair value measurements. IFRS 13 does not change when an entity is required to use fair value, but rather provides guidance on how to measure fair value under IFRS when fair value is required or permitted. The company is exempt under FRS 101 from the disclosure requirements of IFRS 13. There was no impact on the company from the adoption of IFRS 13.

1.10 Cash and cash equivalents

Cash and cash equivalents 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 Accounting policies (continued)

1.10 Cash and cash equivalents (continued)

Financial assets at fair value through profit or loss
Financial assets are classified as at FVTPL when the financial asset is held for trading. This is the case if:

- the asset has been acquired principally for the purpose of selling in the near term, or
- on initial recognition it is part of a portfolio of identified financial instruments that the company manages together and has a recent actual pattern of short-term profit taking, or
- it is a derivative that is not designated and effective as a hedging instrument.

Financial assets at FVTPL are stated at fair value with any gains or losses arising on remeasurement recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any dividend or interest earned on the financial asset. Interest and dividends are included in 'investment income' and gains and losses on remeasurement included in 'other gains and losses' in the statement of comprehensive income.

Financial assets held at amortised cost
Financial assets with fixed or determinable payments and fixed maturity dates that the Company has the positive intent and ability to hold to maturity are classified as held to maturity investments.

Held to maturity investments are measured at amortised cost using the effective interest method less any impairment, with revenue recognised on an effective yield basis.

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating the interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the debt instrument to the net carrying amount on initial recognition.

Trade and other receivables represent the invoiced amount of sales of goods and services to customers for which payment has not been received (fair value), less allowance for doubtful accounts that is estimated based on the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables taking into account the current economic environment and other information.

Interest is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial. The effective interest method is a method of calculating the amortised cost of an intercompany loan and of allocating the interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the intercompany loan to the net carrying amount on initial recognition.

Financial assets at fair value through other comprehensive income
Debt instruments are classified as financial assets measured at fair value through other comprehensive income where the financial assets are held within the company's business model whose objective is achieved by both collecting contractual cash flows and selling financial assets, and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A debt instrument measured at fair value through other comprehensive income is recognised initially at fair value plus transaction costs directly attributable to the asset. After initial recognition, each asset is measured at fair value, with changes in fair value included in other comprehensive income. Accumulated gains or losses recognised through other comprehensive income are directly transferred to profit or loss when the debt instrument is derecognised.

1 Accounting policies (continued)

Financial assets classified as available for sale are measured at fair value with gains and losses arising from changes in fair value recognised in other comprehensive income. Where an AFS financial asset is disposed of or determined to be impaired, the cumulative gain or loss previously recognised in other comprehensive income is reclassified to profit or loss.

Dividends and interest earned on AFS financial assets are included in the investment income line item in the statement of comprehensive income.

1.11 Financial liabilities

The company recognises financial debt when the company becomes a party to the contractual provisions of the instruments. Financial liabilities are classified as either 'financial liabilities at fair value through profit or loss' or 'other financial liabilities'..

Financial liabilities at fair value through profit or loss
Financial liabilities are classified as measured at fair value through profit or loss when the financial liability is held for trading. A financial liability is classified as held for trading if:

- it has been incurred principally for the purpose of selling or repurchasing it in the near term, or
- on initial recognition it is part of a portfolio of identified financial instruments that the company manages together and has a recent actual pattern of short-term profit taking, or
- it is a derivative that is not a financial guarantee contract or a designated and effective hedging instrument.

Financial liabilities at fair value through profit or loss are stated at fair value with any gains or losses arising on remeasurement recognised in profit or loss.

Other financial liabilities
Other financial liabilities, including borrowings, trade payables and other short-term monetary liabilities, are initially measured at fair value net of transaction costs directly attributable to the issuance of the financial liability. They are subsequently measured at amortised cost using the effective interest method. For the purposes of each financial liability, interest expense includes initial transaction costs and any premium payable on redemption, as well as any interest or coupon payable while the liability is outstanding.

1.12 Derivatives

Derivatives are initially recognised at fair value at the date a derivative contract is entered into and are subsequently remeasured to fair value at each reporting end date. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship.

A derivative with a positive fair value is recognised as a financial asset, whereas a derivative with a negative fair value is recognised as a financial liability. A derivative is presented as a non-current asset or liability if the remaining maturity of the instrument is more than 12 months and it is not expected to be realised or settled within 12 months. Other derivatives are classified as current.

1.13 Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

1 Accounting policies (continued)

1.13 Taxation (continued)

Current tax
The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

Deferred tax
Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the year in which the liability is settled, or the asset is realised. Deferred tax is charged or credited in the income statement, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset when the company has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

1.14 Provisions

Provisions are recognised when the Company has a legal or constructive present obligation as a result of a past event and it is probable that the Company will be required to settle that obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting end date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

1.15 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 inventories or non-current assets.

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

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

1 Accounting policies (continued)

1.16 Retirement benefits

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due. Payments to retirement benefit schemes were £1.2m in the year ending 31 December 2021 (202: £1.0m).

The Company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the Company in an independently administered fund. Contributions are charged to the profit and loss account in the year to which they relate. The Company has no further payment obligations once the contributions have been paid

1.17 Leases

At inception, the company assesses whether a contract is, or contains, a lease within the scope of IFRS 16. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Where a tangible asset is acquired through a lease, the company recognises a right-of-use asset and a lease liability at the lease commencement date. Right-of-use assets are included within property, plant and equipment, apart from those that meet the definition of investment property.

The company has elected not to recognise right-of-use assets and lease for leases of low-value assets including IT equipment. The payments associated with these leases are recognised in profit or loss on a straight-line basis over the lease term.

In the comparative year, as a lessee applying IFRS 16, the company classified leases as finance leases whenever the terms of the lease transferred substantially all the risks and rewards of ownership to the lessees. All other leases were classified as operating leases. Assets held under finance leases were recognised as assets at the lower of the assets' fair value at the date of inception and the present value of the minimum lease payments. The related liability was included in the statement of financial position as a finance lease obligation. Lease payments were treated as consisting of capital and interest elements and the interest was charged to profit or loss so as to produce a constant periodic rate of interest on the remaining balance of the liability. Rentals payable under operating leases, less any lease incentives received, were charged to profit or loss on a straight line basis over the term of the relevant lease except where another more systematic basis was more representative of the time pattern in which economic benefits from the leased asset were consumed.

1.18 Foreign exchange

a) Functional and presentation currency
The items included in the financial statements are measured using sterling.

b) Foreign exchange
Transactions in other currencies 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 are included in the income statement for the year.

1.19 Fixed asset investments

Investments 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 to obtain benefits from its activities.

An associate is an entity, being neither a subsidiary nor a joint venture, in which the company holds a long-term interest and where the company has significant influence. The company considers that it has significant influence where it has the power to participate in the financial and operating decisions of the associate.

1 Accounting policies (continued)

1.20 General information

Safety Kleen U.K. Limited develops, refurbishes and services parts washing machines for metal working, transport, manufacturing and automotive industries. The company also provides waste collection services which include auto waste, waste oil and industrial waste. The company operates in the UK, but does provide machine sales to our international counterparts in Ireland, France, Belgium, Germany, Spain, China, Hong Kong, Portugal, Czech Republic, Slovakia and Italy.

The company is a private company and is incorporated and domiciled in the UK. The Address of its registered office is Profile West, 950 Great West Road, Brentford, Middlesex, TW8 9ES.

All amounts in the financial statements and notes have been rounded off to the nearest thousand Sterling Pound, unless otherwise stated.

2 Critical accounting estimates and judgements

The preparation of financial statements in accordance with FRS101, requires management to make judgements, estimates and assumptions that affect the reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors, including expectation of future events that are believed to be reasonable under the circumstances.

The following estimates and judgments are considered critical because actual results could differ materially from reported results if different assumptions underlying these estimates and judgments were used:

Critical judgements

Impairment of goodwill and property, plant and equipment

The Company tests annually whether goodwill has suffered any impairment in accordance with the requirements of IAS 36, Impairment of Assets. This requires an estimation of the fair value of the cash-generating units to which the intangible assets are allocated. Estimating the fair value amount requires management to make an estimate of the expected future cash flows from the cash-generating unit in the forecasted year and to determine a suitable discount rate in order to calculate the present value of those cash flows. Our longer term forecasts are subject to a higher level of uncertainty as part of the growth needs to come from either new contracts or new products.
The useful economic life of property, plant and equipment should be reviewed at least each year end and revised where expectations are significantly different from previous estimates. The depreciation charge is then adjusted for current and future years.
As at 31 December 2021, no impairment has been recognised (2020: nil).

Trade and customer finance receivables

The group applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due. The expected loss rates are reviewed yearly for adequacy in relation to current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables.

Credit risks for outstanding customer finance credits are regularly assessed as well, and allowances are recorded for estimated losses.

2 Critical accounting estimates and judgements (continued)

Impairment of investments
FRS 101 requires management to estimate the recoverable amount of an asset or group of assets. Recoverable amount represents the higher of value in use and fair value less costs to sell.

Value in use represents the net present value of the cash flows expected to arise from an asset or group of assets and its calculation requires management to estimate those cash flows and to apply a discount rate to them.

Cash flows are estimated by applying assumptions to budget sales, costs and overheads over a five year forecast period and by applying a perpetuity growth rate to the future forecast cash flows.

Cash flows are discounted using a discount rate based on the Group's weighted average cost of capital adjusted for risks specific to the asset or group of assets. The weighted average cost of capital is affected by estimates of interest rates, equity returns and market and country related risks.

At 31 December 2021 the carrying value of investments is disclosed in note 12. Based on management's assessment and judgement, there are no indications of impairment or changes in circumstances indicating that the carrying value of its investments may not be recoverable. If cash flow or discount rate assumptions were to change, impairment losses may be recognised in the future.

Critical accounting judgements
The directors believe that there are no areas involving a high degree of judgement or complexity significant to the financial statements.

3 Revenue

Analysis of revenue by category:

	2021 £'000	2020 £'000
Revenue analysed by class of business		
Machine service revenue	50,808	50,875
Collectable services	26,092	22,456
	76,900	73,331

Machine service revenue represents revenue earned on the servicing of machines owned by the Company and those owned by customers. Collectable services represent revenue earned at the point of service, i.e. industrial collection/recycling and also the sales of allied products. All revenue is generated within the UK.

4 Other operating income

Government grants (Government Job retention support)

Government grants are recognised at their fair value where there is reasonable assurance that the grant will be received and all conditions will be complied with. For grants relating to expense items, the amounts received are recognised within the Income Statement over the period necessary to match the expense that they are intended to compensate.

The Company has received job retention support during 2021 and received a total amount of £106,482 (2020: 1,353,247).

5 Operating profit

	2021 £'000	2020 £'000
Operating profit for the year is stated after charging/(crediting):		
Exchange losses/(gains)	75	(40)
Fees payable to the company's auditors for the audit of the company's financial statements	130	126
Depreciation of owned property, plant and equipment	2,405	2,249
Loss on disposal of property, plant and equipment	91	86
Amortisation of intangible assets	6	6
Cost of inventories recognised as an expense	14,168	13,041
Write downs of inventories recognised as an expense	673	772

6 Employees

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

	2021 Number	2020 Number
Servicing of cleaning equipment and recycling	494	462
General and administration	72	56
	566	518

Their aggregate remuneration comprised:

	2021 £'000	2020 £'000
Wages and salaries	20,722	17,155
Social security costs	2,175	1,784
Other pension costs	1,158	1,006
	24,055	19,945

7 Directors' remuneration

	2021 £'000	2020 £'000
Sums paid to third parties for directors' services	-	-

The directors did not receive any remuneration for their services during the year (2020: nil).

The emoluments of the directors are paid by their employing company, another group undertaking. The directors' services to this company are chiefly of a non-executive nature and their emoluments are deemed to be wholly attributable to their services in their employing company. Accordingly, the above details include no emoluments in respect of directors.

8 Tax on profit

	2021 £'000	2020 £'000
Current tax		
UK corporation tax on profit for the current year	172	791

The (credit) /charge for the year can be reconciled to the profit before taxation per the income statement as follows:

	2021 £'000	2020 £'000
Profit before taxation	14,055	16,959
Expected tax charge based on a corporation tax rate of 19.0% (2020; 19.0%)	2,670	3,222
Group relief	(2,350)	(2,835)
Permanent capital allowances in excess of depreciation	(327)	(495)
Other non-reversing timing differences	179	899
Taxation charge for the year	172	791

The main rate of UK corporation tax remained constant at 19.0%.

On 23 September 2022, it was announced that the corporation tax rate change from 19% to 25% with effect from 1 April 2023 was to be cancelled. This was not substantively enacted at the balance sheet date and therefore the impact of this change is not reflected in the measurement of deferred tax. If the rate change had been substantively enacted prior to 30 June 2022, the impact would have been to increase the deferred tax asset by £843,000 with a corresponding credit to the income statement.

9 Intangible fixed assets

	Goodwill £'000	Software £'000	Total £'000
Cost			
At 1 January 2021	9,551	222	9,773
At 31 December 2021	9,551	222	9,773

9 Intangible fixed assets

	Goodwill	Software	Total
	£'000	£'000	£'000
Accumulated amortisation			
At 1 January 2021	7,012	212	7,224
Charge for the year	-	6	6
At 31 December 2021	7,012	218	7,230
Carrying amount			
At 31 December 2021	2,539	4	2,543
At 31 December 2020	2,539	10	2,549

Intangible assets include goodwill realised as a result of historic business acquisitions. The goodwill represents the purchase price paid for the business in excess of the fair value of the net identifiable assets. As per IFRS 3, goodwill is not amortised, but tested annually for impairment.

Other intangible assets represent computer software licences used in the day-to-day operations of the Company.

10 Property, plant and equipment

	Freehold land and buildings	Leasehold improvements	Motor vehicles	Machinery and equipment	Equipment at customers	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Cost						
At 1 January 2021	6,312	4,465	690	5917	31,310	48,694
Additions	207	95	13	247	3,883	4,496
Disposals	-	-	-	-	(960)	(1,011)
At 31 December 2021	6,519	4,560	703	6,164	34,233	52,179
Accumulated depreciation and impairment						
At 1 January 2021	3,673	3,308	571	4,715	19,988	32,255
Charge for the year	141	210	47	259	1,748	2,405
Eliminated on disposal	-	-	-	-	(654)	(654)
At 31 December 2021	3,814	3,518	618	4,974	21,082	34,006
Carrying amount						
At 31 December 2021	2,705	1,042	85	1,190	13,151	18,173
At 31 December 2020	2,639	1,157	119	1,202	11,322	16,439

10 Property, plant and equipment (continued)

Included in the cost and net book amount of Freehold Land and Buildings is an amount of £915,850 (2020: £915,850) relating to freehold land, which is not depreciated.

11 Leases

	2021 £'000	2020 £'000
Property, plant and equipment owned	18,173	16,439
Right of use assets	9,876	13,617
	28,049	30,056

The Company leases many assets comprising land and buildings, and motor vehicles. Information on leases for which the Company is a lessee is presented below

Right-of-use assets

	Land and buildings £'000	Motor Vehicles £'000	Total £'000
Cost			
At 1 January 2021	8,499	11,785	20,284
Disposals	(161)	(334)	(495)
At 31 December 2021	8,338	11,451	19,789
Accumulated depreciation			
At 1 January 2021	(1,944)	(4,723)	(6,667)
Charge for the year	(961)	(2,780)	(3,741)
Eliminated on disposal	161	334	495
At 31 December 2021	(2,744)	(7,170)	(9,913)
Carrying Amount			
At 31 December 2021	5,594	4,281	9,876

11 Leases (continued)

Lease liabilities	2021 £'000	2020 £'000
Maturity analysis		
Less than one year	-	-
One to five years	10,344	11,821
More than five years	3,145	5,243
Total undiscounted lease liabilities at 31 December 2021	13,489	17,064
Lease liabilities included in the statement of financial position at 31 December 2021	11,010	14,666
Current	3,036	3,353
Non-current	7,974	11,313

	2021	2020
Amounts recognised in income statement	**£'000**	**£'000**
Interest on lease liabilities	782	958
Expenses relating to leases of low-value assets	-	139

12 Investments

	Non-current 2021 £'000	2020 £'000
Investments in subsidiaries	3,157	3,157
Other investments	87	87
	3,244	3,244

Other investments pertains to equity security, accounted at cost method for 2.0% ownership of Safety-Kleen Parca Temizlik Hizmetleri.

13 Subsidiaries

These financial statements are separate company financial statements for Safety-Kleen U.K. Limited.

Details of the company's subsidiaries at 31 December 2021 are as follows:

The principal subsidiary undertakings of the entity are shown below, all of which are wholly owned. Shilton Midco 2 Limited is the only parent undertaking of the company. All the subsidiaries shown are included in the Group consolidation.

Subsidiary undertakings	Country of Incorporation	Principal activity	Address
Technowash Limited	United Kingdom	Machine manufacturer	8 – 10 Standard Way, Standard Way Business Park, Northallerton, DL6 2XE
Parts Wash Limited	United Kingdom	Dormant company	950 Great West Road, Brentford, Middlesex, TW8 9ES
Parts Wash UK Limited	United Kingdom	Dormant company	950 Great West Road, Brentford, Middlesex, TW8 9ES
QED Chemical Solutions Limited	United Kingdom	Dormant company	950 Great West Road, Brentford, Middlesex, TW8 9ES

14 Inventories	**2021**	**2020**
	£'000	**£'000**
Raw materials	2,610	2,114
Work in progress	872	686
Finished goods	430	430
	3,912	3,230

Inventories are stated after provisions for impairment of £205,000 (2020: £216,000).

15 Trade and other receivables

Current trade receivables	2021 £'000	2020 £'000
Trade receivables	14,912	14,842
Provision for bad and doubtful debts	(472)	(795)
	14,440	14,047
Amounts owed by subsidiary undertakings	36,382	25,441
Other receivables	26	103
Prepayments and accrued income	809	756
Trade and other receivables	51,657	40,347

The Company applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables and amounts owed by sub undertakings. The expected loss rates are based on the payment profiles of sales over a year of 24-36 month before 31 December 2021 and the corresponding historical credit losses experienced within this year.

16 Liabilities

Current liabilities	2021 £'000	2020 £'000
Trade and other payables	7,752	8,210
Taxation and social security	2,408	4,726
Lease liabilities	3,036	3,353
Deferred income	2,017	1,855
	15,213	18,144

17 Trade and other payables

	2021 £'000	2020 £'000
Trade payables	4,199	4,330
Accruals	3,367	3,586
Other payables	186	294
	7,752	8,210

18 Trade and other payables

Trade payables are unsecured, non-interest bearing and payable in cash based on terms ranging from 30 to 60 days.

Accrued expenses consist mainly of accrual for consignment note returns and transport related cost.

19 Lease liabilities

Maturity analysis	**2021 £'000**	**2020 £'000**
Current liabilities	3,036	3,353
Non-current liabilities	7,974	11,313
	11,010	14,666

Amounts recognised in profit or loss include the following:	**2021 £'000**	**2020 £'000**
Interest on lease liabilities	782	958

Other leasing information is included in note.

20 Deferred tax asset

The following are the major deferred tax liabilities and assets recognised by the company and movements thereon during the current and prior reporting year.

	ACAs	Land & buildings	Total
	£'000	£'000	£'000
Deferred tax asset at 1 January 2020	(1,500)	-	(1,500)
Prior year adjustment	829	-	829
Deferred tax liability at 1 January 2021	(671)	-	(671)
Deferred tax movements in current year			
Credit to profit or loss	172	-	172
Deferred tax asset at 31 December 2021	(499)		(499)

	2021	2020
	£'000	£'000
Deferred tax asset	(499)	(1,500)

21 Other provisions

	2021 £'000	2020 £'000
Credit note provision for Covid related closures	-	416
Dilapidation provision	255	131
	255	547

Lease dilapidations
Provisions in respect of leases relate to dilapidations provisions for those properties where the Group has a legal obligation under a lease agreement to return the property to the landlord in the state the Group first took occupation and in a good state of repair. Payments in relation to the dilapidation provisions are expected to take place over the next ten years.

22 Deferred revenue

	2021 £'000	2020 £'000
Arising from timing difference between service and invoice date	2,017	1,855

Analysis of deferred revenue
Deferred revenues are classified based on the amounts that are expected to be settled within the next 12 months and after more than 12 months from the reporting date, as follows:

	2021 £'000	2020 £'000
Current liabilities	2,017	1,855

23 Controlling party

Ultimate controlling party

The Company's immediate parent company Shilton Midco 2 Limited a company incorporated in the Cayman Islands. Shilton Midco 2 Limited is also the Company's ultimate parent undertaking and controlling party and is the largest and the smallest group of which the Company is a member and for which consolidated financial statements are prepared. The consolidated financial statements of Shilton Midco 2 Limited can be obtained from Companies House, Crown Way, Cardiff, Wales, CF14 3UZ.

The Group, headed by Shilton Midco 2 Limited, is a portfolio company of APAX IX GP Co Limited funds (the "APAX IX funds") advised and managed by Apax Partners LLP, a private equity firm organised in Luxembourg.

24 Events after the reporting date

There are no post balance sheet events which require disclosure.

25 Contingent liabilities

At the balance sheet date, the Group was counterparty to a number of guarantees and performance bonds totalling £40,600 (2020: £40,600) primarily relating to the transportation of waste.

The Company is a participant in a group banking arrangement, with National Westminster Bank Plc.

The Company is subject to legal claims that may arise from time to time in the ordinary course of business. The directors do not consider that the outcome of these claims, individually or in aggregate, will have a material effect of the financial position of the Company.

26 Capital commitments

Capital expenditure on property, plant and equipment. Contracted but not provided at 31 December:

	2021 £'000	2020 £'000
Machines	1,086	726
	1,086	726

The Company has a commitment to purchase machines in the twelve months following the balance sheet date to a value of £1,086,000 (2020: £726,000).