

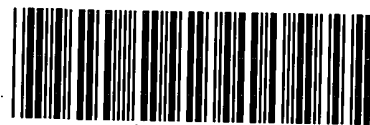
Registered number: 02627501

SHROPSHIRE WASTE MANAGEMENT LIMITED

Annual report and financial statements

FOR THE YEAR ENDED 31 DECEMBER 2015

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SHROPSHIRE WASTE MANAGEMENT LIMITED

COMPANY INFORMATION

Directors D Palmer-Jones
J Scanlon
F Duval (appointed 1 February 2016)

Company secretary J Knight

Registered number 02627501

Registered office SUEZ House
Grenfell Road
Maidenhead
Berkshire
SL6 1ES

Independent auditor Mazars LLP
Tower Bridge House
St Katharine's Way
London
E1W 1DD

SHROPSHIRE WASTE MANAGEMENT LIMITED

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SHROPSHIRE WASTE MANAGEMENT LIMITED

STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2015

Business review

	2015	2014	
	£000	£000	Change
Turnover	13,938	9,672	44%
Operating profit	323	327	-1%
Profit after tax	6	93	-94%
Shareholders' funds - equity	4,869	4,863	0%
Current assets as a % of current liabilities	924%	1280%	

Turnover has increased in 2015 as a result of increased volumes into the landfill site compared to the prior year, as well as an increase in revenue from electricity output generated from the landfill gas.

Operating profit has fallen despite increased turnover, this is mainly due to higher bad debt write offs recognised in the year compared to 2014. Profit after tax has also decreased disproportionately with a higher tax charge due to the impact of the reduction in the tax rate used on the deferred tax asset.

Shareholder funds have increased in line with the profits retained

Principal risks and uncertainties

The SUEZ Recycling and Recovery (R&R) UK Group has established a risk committee that evaluates the main risks facing the Group and the measures in place to manage those risks. The principal risks and uncertainties facing the Group are broadly grouped as: operational risks, competitive risks, legislative risks, health and safety risks and financial instrument risks.

Operational risks

The SUEZ R&R UK Group's operations involve some major public sector contracts, ranging from periods of 7 to 25 years or more, where default on the contract may result in substantial compensation payments to the client.

Long-term contracts also expose the Group to the risk that the contract's revenue profile over the life of the contract may not be sufficient to compensate the Group for unforeseen cost increases, and hence losses may result. The Group has put in place rigorous tender approval procedures to ensure all risks are properly considered. The Group's management and review procedures are aimed at ensuring any problems are identified at an early stage and steps are taken to mitigate any losses arising.

The success of the Group's operations is dependent upon the recruitment and retention of good quality staff. The Group's strategy seeks to make the SUEZ R&R UK Group the preferred employer in the waste management sector through its employment policies.

Competitive risks

Part of the SUEZ R&R UK Group's business involves contracts with local authorities which are subject to periodic competitive tender. Renewal of these contracts is uncertain and based on financial and performance criteria.

The remaining business relies upon short-term contracts and non-contractual business from industrial and commercial customers, which is subject to normal price competition in the open market.

SHROPSHIRE WASTE MANAGEMENT LIMITED

STRATEGIC REPORT (continued) FOR THE YEAR ENDED 31 DECEMBER 2015

Legislative risks

The waste management business is subject to strict legislation and regulation. These standards are subject to continuous revision. Compliance with new standards can impose additional costs on the Group, and failure to comply could result in heavy penalties. The Group's management systems aim to ensure compliance with all relevant regulations.

Health and safety risks

The SUEZ R&R UK Group acknowledges that its employees working within the waste management industry face significant potential hazards in their everyday work. The Group makes every effort to ensure that its Health and Safety policies are of the highest standard, are fit for purpose and are strictly adhered to on a daily basis.

Financial instrument risks

The Group has established a risk and financial management framework whose primary objectives are to protect the Group from events that hinder the achievement of the Group's performance objectives.

Use of derivatives

On certain major contracts, the SUEZ R&R UK Group uses interest rate swaps in respect of the related funding to reduce exposure to interest rate movements.

Exposure to price, credit, liquidity and cash flow risk

Price risk arises on financial instruments because of changes in, for example, commodity prices or equity prices. The Group's major joint venture and associated investments, which the Group does not intend to sell in the short-term, are held at net asset value and are therefore not exposed to price risk.

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. Group policies are aimed at minimising such losses, and require that deferred terms are only granted to customers who demonstrate an appropriate payment history and satisfy credit worthiness procedures.

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. Cash flow risk is the risk of exposure to variability of cash flows relating to a recognised asset or liability such as future interest payments on a variable rate debt. The Group produces long-term cash forecasts and monitors cash flows against these on a daily basis to ensure all financial obligations may be met as they fall due. Group funding requirements are periodically agreed with the wider SUEZ Group.

This report was approved by the board on 29/03/16

and signed on its behalf.

F Duval
Director



SHROPSHIRE WASTE MANAGEMENT LIMITED

**DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2015**

The directors present their report and the financial statements for the year ended 31 December 2015.

Principal activity

The company's principal activity during the year was the management of landfill and civic amenity sites. The company operates as part of the Treatment and Disposal division of the SUEZ Recycling and Recovery Holdings UK Limited Group ("SUEZ R&R UK Group"), the United Kingdom waste management business of SUEZ SA.

Results and dividends

The profit for the year, after taxation, amounted to £6,000 (2014 - £93,000).

The directors do not recommend the payment of a dividend (2014 - £nil)

Directors

The directors who served during the year were:

C Chapron (resigned 29 February 2016)

D Palmer-Jones

G Rees (resigned 1 August 2016)

J Scanlon

No director who held office on 31 December 2015 had an interest in the company's shares either during the financial year or at 31 December 2015.

SHROPSHIRE WASTE MANAGEMENT LIMITED

DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2015

Environmental matters

The Company will seek to minimise adverse impacts on the environment from its activities, whilst continuing to address health, safety and economic issues. The Company has complied with all applicable legislation and regulations.

Our purpose is to protect our environment by putting waste to good use.

A crucial element of this is ensuring that the vision of the circular economy – where the waste cycle can work with the economic cycle to return waste as a secondary resource back into production and consumption – becomes a reality and value is extracted from waste.

In 2015 the SUEZ Group:

- Recycled and recovered 3,358,616 tonnes of the material we handled;
- Generated over 1,100,000 megawatt hours of electricity from our landfill gas and energy-from-waste facilities;
- 60,000 tonnes of compost produced;
- Only a 1% increase in Greenhouse Gas (GHG) emissions from vehicles on the previous year;
- Electricity produced increased by 46% from non-hazardous waste incineration;
- There has been a 12% decrease of waste disposed in non-hazardous waste landfills (includes municipal, ICP, sludge and other inputs, excludes inert);
- There has been no variation in the amount of fuel used for collection vehicles;
- Waste prepared for Energy Recovery as Solid Recovered Fuels (SRF) produced from wood has increased by 29%;

SUEZ Recycling and Recovery UK (formerly SITA UK), were recertified to the Carbon Trust Standard in 2014. This certified that SITA UK had shown a 32.7% Absolute reduction in tCO₂e based on the compliance period of 1 January 2012 to 31 December 2013. This certification corresponds to the footprint of all UK operations and is valid until 31 July 2016. SUEZ Recycling and Recovery UK have been certified with the standard since 1 January 2010 and have committed to recertify in 2016.

Future developments

The directors expect that the company will continue to trade profitably and at similar volumes for the near future.

Qualifying third party indemnity provisions

The company has granted indemnity to one or more of its directors against liabilities in respect of proceedings brought by third parties, subject to the conditions set out in the Companies Act 2006. Such qualifying third party indemnity provision remains in force as at the date of approving the directors' report.

Matters covered in the strategic report

The Companies Act 2006 (Strategic Report and Directors' Report) Regulations 2013, where mandatory disclosures in the Directors' report are considered by the directors to be of strategic importance, these may be contained in the Strategic report, provided that the Directors' report contains information stating that it has been placed there. These matters relate to financial instrument risk

SHROPSHIRE WASTE MANAGEMENT LIMITED

DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2015

Directors' responsibilities statement

The directors are responsible for preparing the Strategic report, the Directors' report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 101 'Reduced Disclosure Framework'. Under Company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these financial statements, the directors are required to:

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

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

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements and other information included in Directors' reports may differ from legislation in other jurisdictions.

SHROPSHIRE WASTE MANAGEMENT LIMITED

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2015**

Disclosure of information to auditor

Each of the persons who are directors at the time when this Directors' report is approved has confirmed that:

- so far as that director is aware, there is no relevant audit information of which the Company's auditor is unaware, and
- that director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

Post balance sheet events

There have been no significant events affecting the Company since the year end.

Auditors

The re-appointment of auditors will be considered at the company's AGM.

This report was approved by the board on 29/03/16 and signed on its behalf.

F Duval
Director



SHROPSHIRE WASTE MANAGEMENT LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SHROPSHIRE WASTE MANAGEMENT LIMITED

We have audited the financial statements of Shropshire Waste Management Limited for the year ended 31 December 2015, which comprises the Statement of comprehensive income, the Statement of financial position, Statement of changes in equity and the related notes. The relevant financial reporting framework that has been applied in their preparation is the Companies Act 2006 and the United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 101 'Reduced Disclosure Framework'.

Respective responsibilities of Directors and Auditor

As explained more fully in the Directors' responsibilities statement set out on page 5, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors. This report is made solely to the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body for our audit work, for this report, or for the opinions we have formed.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2015 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice including Financial Reporting Standard 101 "Reduced Disclosure Framework; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

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

SHROPSHIRE WASTE MANAGEMENT LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SHROPSHIRE WASTE MANAGEMENT LIMITED (CONTINUED)

Matters on which we are required to report by exception

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

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



Jonathan Seaman (Senior statutory auditor)

for and on behalf of
Mazars LLP

Chartered Accountants and Statutory Auditor

Tower Bridge House
St Katharine's Way
London
E1W 1DD

Date: 30 September 2016

SHROPSHIRE WASTE MANAGEMENT LIMITED

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2015**

	Note	2015 £000	2014 £000
Turnover	4	13,938	9,672
Cost of sales		(12,833)	(8,859)
Gross profit		1,105	813
Administrative expenses		(782)	(486)
Operating profit	5	323	327
Interest receivable and similar income	8	32	29
Interest payable and expenses	9	(207)	(211)
Profit on ordinary activities before taxation		148	145
Tax on profit	10	(142)	(52)
Profit for the year		6	93
Total comprehensive income for the year		6	93

All profit and total comprehensive income for the year is attributable to continuing operations.

SHROPSHIRE WASTE MANAGEMENT LIMITED
REGISTERED NUMBER: 02627501

STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2015

	Note	£000	2015 £000	£000	2014 £000
Tangible assets	11		2,208		2,481
			<u>2,208</u>		<u>2,481</u>
Current assets					
Stocks	12	3		2	
Debtors: amounts falling due within one year	13	8,359		7,937	
		<u>8,362</u>		<u>7,939</u>	
Creditors: amounts falling due within one year	14	(905)		(620)	
		<u>(905)</u>		<u>(620)</u>	
Net current assets			<u>7,457</u>		<u>7,319</u>
Total assets less current liabilities			<u>9,665</u>		<u>9,800</u>
Provisions for liabilities					
Other provisions	17	(4,796)		(4,937)	
		<u>(4,796)</u>		<u>(4,937)</u>	
Net assets			<u>4,869</u>		<u>4,863</u>
Capital and reserves					
Called up share capital	18		500		500
Profit and loss account	19		4,369		4,363
			<u>4,869</u>		<u>4,863</u>
Shareholders funds - equity			<u>4,869</u>		<u>4,863</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on
22/03/16

F Duval
Director



The notes on pages 12 to 27 form part of these financial statements.

SHROPSHIRE WASTE MANAGEMENT LIMITED

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2015**

	Called up share capital	Profit and loss account	Total equity
	£000	£000	£000
At 1 January 2015	500	4,363	4,863
Comprehensive income for the year			
Profit for the year	-	6	6
Other comprehensive income for the year	-	-	-
Total comprehensive income for the year	-	6	6
At 31 December 2015	500	4,369	4,869

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2014**

	Called up share capital	Profit and loss account	Total equity
	£000	£000	£000
At 1 January 2014	500	4,270	4,770
Comprehensive income for the year			
Profit for the year	-	93	93
Other comprehensive income for the year	-	-	-
Total comprehensive income for the year	-	93	93
At 31 December 2014	500	4,363	4,863

The notes on pages 12 to 27 form part of these financial statements.

SHROPSHIRE WASTE MANAGEMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

1. General information

Shropshire Waste Management Limited is limited company incorporated and domiciled in the United Kingdom. These financial statements cover the individual entity. The address of its registered office and principal place of business is SUEZ House, Grenfell Road, Maidenhead, Berkshire SL6 1ES.

The principal activities of the Company are the management of landfill and civic amenity sites.

The Company's intermediate parent company is SUEZ Recycling and Recovery Holdings UK Limited, incorporated and registered in the United Kingdom, which owns 100% of the Company ordinary share capital. The ultimate parent company is SUEZ SA, a company incorporated and registered in France.

The smallest Group in which the Company is incorporated into is SUEZ Recycling and Recovery Holdings UK Limited and the largest is SUEZ SA. The consolidated financial statements of SUEZ may be obtained from Tour CB21, 16 Place de L'Iris, 92040 Paris La Defense Cedex, France. The financial statements have been presented in Pounds Sterling as this is the functional currency of the Company and all values are rounded to the nearest thousand pounds (£000) except when otherwise indicated.

2. Accounting policies

2.1 Basis of preparation of financial statements

These financial statements have been prepared in accordance with Financial Reporting Standard 101 'Reduced Disclosure Framework' (FRS 101) and the Companies Act 2006. The recognition, measurement and disclosure requirements of International Financial Reporting Standard as adopted by the EU (EU adopted IFRS) have been applied to these financial statements and, where necessary, amendments have been made in order to comply with the Companies Act 2006 and The Large and Medium sized Companies and Groups Regulations 2008/410 ('Regulations').

These financial statements have been prepared under the historical costs convention.

The preparation of financial statements in compliance with FRS 101 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the company's accounting policies (see note 3).

First time application of FRS 100 and FRS 101

In the current year the group has adopted FRS 100 and FRS 101. In previous years the financial statements were prepared in accordance with applicable UK accounting standards. This change in the basis of preparation has not materially altered the recognition and measurement requirements previously applied in accordance with UK GAAP. Consequently the principal accounting policies are unchanged from the prior year. The change in basis of preparation has enabled the Company to take advantage of all of the available disclosure exemptions permitted by FRS 101 in the financial statements, the most significant of which are summarised below.

There have been no other material amendments to the disclosure requirements previously applied in accordance with UK GAAP (see note 26).

SHROPSHIRE WASTE MANAGEMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

2. Accounting policies (continued)

2.2 Financial reporting standard 101 - reduced disclosure exemptions

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

- the requirements of IFRS 7 Financial Instruments: Disclosures.
- the requirements of paragraphs 91-99 of IFRS 13 Fair Value Measurement.
- the requirement in paragraph 38 of IAS 1 'Presentation of Financial Statements' to present comparative information 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.
- the requirements of paragraphs 10(d), 10(f), 16, 38A, 38B, 38C, 38D, 40A, 40B, 40C, 40D, 111 and 134-136 of IAS 1 Presentation of Financial Statements.
- the requirements of IAS 7 Statement of Cash Flows.
- the requirements of paragraphs 30 and 31 of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors.
- the requirements of paragraph 17 of IAS 24 Related Party Disclosures.
the requirements in IAS 24 Related Party Disclosures to disclose related party transactions entered into between two or more members of a Group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member.
- the requirements of paragraphs 134(d)-134(f) and 135(c)-135(e) of IAS 36 Impairment of Assets.
- the requirements of paragraphs 6 to 21 of IFRS 1 First-time adoption of International Financial Reporting Standards, to present an opening statement of financial position at the date of transition.

The company has NOT taken advantage of the following disclosure exemptions under FRS 101:

- the requirements of paragraphs 45(b) and 46-52 of IFRS 2 Share based payment.
- the requirements of paragraphs 62, B64(d), B64(e), B64(g), B64(h), B64(j) to B64(m), B64(n)(ii), B64(o)(ii), B64(p), B64(q)(ii), B66 and B67 of IFRS 3 Business Combinations.
- the requirements of paragraph 33(c) of IFRS 5 Non Current Assets Held For Sale and Discontinued Operations.
- the requirement in paragraph 38 of IAS 1 'Presentation of Financial Statements' to present comparative information in respect of:
 - paragraphs 76 and 79(d) of IAS 40 Investment Property; and
 - paragraph 50 of IAS 41 Agriculture.

SHROPSHIRE WASTE MANAGEMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

2. Accounting policies (continued)

2.3 Going concern

The company's going concern is intrinsically linked to the performance, risks and going concern of the SUEZ UK R&R Group. The SUEZ UK R&R group, along with its ultimate parent company SUEZ SA, has considerable financial resources together with long term contracts with a number of customers across different geographic areas and within different sectors of the recycling industry. As a consequence, the directors believe that the SUEZ R&R UK group is well placed to manage its business risks successfully despite the current uncertain economic outlook.

Having made enquiries, the directors have a reasonable expectation that the company and the group have adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the annual report and accounts.

2.4 Revenue

Revenue comprises revenue recognised by the Company in respect of goods and services supplied. Revenue is measured at fair value of the consideration received including landfill tax where appropriate, and exclusive of trade discounts, rebates, Value Added Tax and other sales taxes or duty.

Revenue arising from the handling and disposal of waste is recognised on receipt of the waste by the Company.

Revenue from the sale of recyclate materials is recognised, based on contractually agreed prices, when the risks and rewards have passed to the buyer, can be reliably measured and the recovery of the consideration is probable.

Revenue arising on generation of electricity and gas is recognised as the energy is generated.

2.5 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

SHROPSHIRE WASTE MANAGEMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

2. Accounting policies (continued)

2.5 Tangible fixed assets (continued)

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following basis:

Freehold property - landfill	- On the basis of airspace used
Freehold property - buildings	- 5 - 25 years, straight line
Short leasehold property - landfill	- On the basis of airspace used
Landfill engineering	- On the basis of airspace used
Motor vehicles	- 4 - 10 years, straight line
Fixtures & fittings	- 10 years, straight line
Office equipment	- 10 years, straight line
Plant and machinery	- 3 - 20 years, straight line
Assets under construction	- Depreciation commences upon completion of asset

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the Statement of comprehensive income.

2.6 Stocks

Stocks relate to spare parts and fuel and are valued at cost after making due allowance for obsolete and slow moving items. Cost is based on the cost of purchase on a first in, first out basis.

2.7 Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

2.8 Financial instruments

The Company recognises financial instruments when it becomes a party to the contractual arrangements of the instrument. Financial instruments are de-recognised when they are discharged or when the contractual terms expire. The Company's accounting policies in respect of financial instruments transactions are explained below:

Financial assets

The Company classifies all of its financial assets as loans and receivables.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise principally through the provision of goods and services to customers (e.g. trade receivables), but also incorporate other types of contractual monetary asset. They are initially recognised at fair value plus transaction costs that are directly attributable to their acquisition or issue, and are subsequently carried at amortised cost using the effective interest rate method, less provision for impairment.

SHROPSHIRE WASTE MANAGEMENT LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015**

2. Accounting policies (continued)**2.8 Financial instruments (continued)**

Impairment provisions are recognised when there is objective evidence (such as significant financial difficulties on the part of the counterparty or default or significant delay in payment) that the Company will be unable to collect all of the amounts due under the terms receivable, the amount of such a provision being the difference between the net carrying amount and the present value of the future expected cash flows associated with the impaired receivable. For trade receivables, which are reported net, such provisions are recorded in a separate allowance account with the loss being recognised within administrative expenses in the Income statement. On confirmation that the trade receivable will not be collected, the gross carrying value of the asset is written off against the associated provision.

Financial liabilities

The Company classifies all of its financial liabilities as liabilities at amortised cost.

At amortised cost

Financial liabilities at amortised cost including bank borrowings are initially recognised at fair value net of any transaction costs directly attributable to the issue of the instrument. Such interest bearing liabilities are subsequently measured at amortised cost using the effective interest rate method, which ensures that any interest expense over the period to repayment is at a constant rate on the balance of the liability carried into the Statement of financial position.

2.9 Pensions

The company operates a defined contribution pension scheme and the pension charge represents the amounts payable by the company to the fund in respect of the year. Contributions are made by the company and the employees to a separately administered fund.

2.10 Interest income

Interest income is recognised in the Income statement using the effective interest method.

SHROPSHIRE WASTE MANAGEMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

2. Accounting policies (continued)

2.11 Provisions for environmental and landfill costs and landfill gas revenues

Provisions for environmental and landfill costs include provisions associated with the closure and post-closure of landfill sites. The company estimates its total future requirements for closure costs and for post-closure monitoring and maintenance of the site after the anticipated closure.

Closure costs:

Provision is made for final capping and site inspection costs. These costs are incurred during the operating life of the site and the company provides for these costs as the permitted airspace is used.

Post closure costs:

Provision is made for inspection, ground water monitoring, leachate management, methane gas control and recovery, and the operation and maintenance costs to be incurred during the period after the site closes.

Post-closure provisions have been shown at net present value. The current cost estimated has been inflated at 2.90% (2014 - 2.90%) and discounted by between 4.32% and 5.76% (2014 - 4.32 and 5.76%)

The unwinding of the discount element is shown in the financial statements as a financial item.

Future revenues from the generation of electricity from landfill gas during the post-closure period, where contracts are in place for its sale, are deducted from the provision balances and are discounted in line with the post-closure provision.

The company provides for both closure and post-closure costs as the permitted airspace is used.

2.12 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in the Income statement, except that a change attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the Company operates and generates income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Statement of financial position date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

SHROPSHIRE WASTE MANAGEMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

3. Judgments in applying accounting policies and key sources of estimation uncertainty

Due to uncertainties inherent in the estimation process, the Company regularly revises its estimates in light of currently available information. Final outcomes could differ from those estimates.

The key estimates used by the Company in preparing the Financial Statements relate mainly to:

- the measurement of the recoverable amount of property, plant and equipment and inventories.
- the measurement of provisions

As well as relying on estimates, the Company management also makes judgments to define the appropriate accounting treatment to apply to certain activities and transactions, when the effective IFRS standards and interpretations do not specifically deal with the related accounting issue.

This particularly applies in relation to the recognition of concession arrangements.

4. Turnover

	2015 £000	2014 £000
Rendering of services	12,003	8,177
Sale of goods	217	113
Generation of electricity	1,718	1,382
	<u>13,938</u>	<u>9,672</u>

All turnover arose within the United Kingdom.

5. Operating profit

The operating profit is stated after charging:

	2015 £000	2014 £000
Depreciation of tangible fixed assets	556	430
Operating lease rentals - land and buildings	7	145
Operating lease rentals - plant and machinery	-	55
Cost of stocks recognised as an expense	<u>109</u>	<u>133</u>

During the year, no director received any emoluments (2014 - £NIL).

6. Auditors' remuneration

For the year ended 31 December 2015 and the prior year, auditor's remuneration was borne by a fellow group company.

The company has taken advantage of the exemption not to disclose amounts paid for non audit services

SHROPSHIRE WASTE MANAGEMENT LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
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as these are disclosed in the group accounts of the parent company.

7. Employees

Staff costs were as follows:

	2015	2014
	£000	£000
Wages and salaries	217	239
Social security costs	19	19
Cost of defined contribution scheme	7	6
	243	264

All employees are employed by SUEZ Recycling and Recovery UK Limited and paid by SUEZ Recycling and Recovery Holdings UK Limited. Costs are then recharged to the company.

The average monthly number of employees, including the directors, during the year was as follows:

	2015	2014
	No.	No.
Operations	14	15

8. Interest receivable

	2015	2014
	£000	£000
Interest receivable from group companies	32	29
	32	29

9. Interest payable and similar charges

	2015	2014
	£000	£000
Discount on provisions	207	211
	207	211

SHROPSHIRE WASTE MANAGEMENT LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015**

10. Taxation

	2015 £000	2014 £000
Corporation tax		
Current tax on profits for the year	8	30
Adjustments in respect of previous periods	45	-
Total current tax	<u>53</u>	<u>30</u>
Deferred tax		
Origination and reversal of timing differences	123	22
Adjustments in respect of prior periods	(34)	-
Total deferred tax	<u>89</u>	<u>22</u>
Taxation on profit on ordinary activities	<u>142</u>	<u>52</u>

Factors affecting tax charge for the year

The tax assessed for the year is higher than (2014 - *higher than*) the standard rate of corporation tax in the UK of 20.25% (2014 - 21.5%). The differences are explained below:

	2015 £000	2014 £000
Profit on ordinary activities before tax	<u>148</u>	<u>145</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 20.25% (2014 - 21.5%)	30	31
Effects of:		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	36	23
Adjustments to tax charge in respect of prior periods	11	-
Tax rate difference	65	(2)
Total tax charge for the year	<u>142</u>	<u>52</u>

SHROPSHIRE WASTE MANAGEMENT LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015**

10. Taxation (continued)

Factors that may affect future tax charges

The UK corporation tax rate decreased from 21% to 20% from 1 April 2015. The impact on the current year's tax charge is shown above.

Further reductions to the UK corporation tax rate have been announced that will have an effect on future tax charges. The change in the corporation tax rate to 19% from 1 April 2017 and 18% from 1 April 2020 had been enacted at the balance sheet date and the deferred tax balance has been adjusted to reflect this change.

Further reductions in the rate to 17% from 1 April 2020 have now been announced but not substantively enacted at the balance sheet date, and are therefore not recognised in these financial statements.

11. Tangible fixed assets

	Land & Buildings £000	Plant & machinery £000	Motor vehicles £000	Fixtures & fittings £000	Assets under construction £000	Total £000
Cost						
At 1 January 2015	10,477	2,905	71	93	38	13,584
Additions	-	37	-	-	69	106
Transfers intra group	-	341	(71)	-	-	270
Disposals	-	(35)	-	(1)	-	(36)
Transfers between classes	-	105	-	-	(105)	-
At 31 December 2015	10,477	3,353	-	92	2	13,924
Depreciation						
At 1 January 2015	8,879	2,061	71	92	-	11,103
Charge owned for the period	332	224	-	-	-	556
Transfers intra group	-	163	(71)	-	-	92
Disposals	-	(35)	-	-	-	(35)
At 31 December 2015	9,211	2,413	-	92	-	11,716
Net book value						
At 31 December 2015	1,266	940	-	-	2	2,208
At 31 December 2014	1,598	844	-	1	38	2,481

SHROPSHIRE WASTE MANAGEMENT LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015**

11. Tangible fixed assets (continued)**12. Stocks**

	2015 £000	2014 £000
Raw materials and consumables	3	2
	<u>3</u>	<u>2</u>

In the year ended 31 December 2015 £110,000 (2014: £133,000) was the amount of inventory recognised as an expense. £nil has been written down in the year (2014: £nil).

The difference between purchase price of stocks and their replacement cost is not material.

13. Debtors

	2015 £000	2014 £000
Amounts owed by group undertakings	6,301	5,681
Other debtors	-	24
Prepayments and accrued income	1,461	1,547
Deferred taxation	597	685
	<u>8,359</u>	<u>7,937</u>

All amounts are due within one year.

14. Creditors: Amounts falling due within one year

	2015 £000	2014 £000
Corporation tax	16	30
Taxation and social security	714	525
Accruals and deferred income	175	65
	<u>905</u>	<u>620</u>

SHROPSHIRE WASTE MANAGEMENT LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015**

15. Financial instruments

	2015 £000	2014 £000
Financial assets		
Financial assets that are debt instruments measured at amortised cost	6,788	6,158
	6,788	6,158
Financial liabilities		
Financial liabilities measured at amortised cost	(175)	(65)
	(175)	(65)

Financial assets measured at amortised cost comprise amounts owed by group undertakings, accrued income and other debtors.

Financial Liabilities measured at amortised cost comprise accruals.

16. Deferred taxation

	2015 £000	2014 £000
At beginning of year	685	707
Charged to the profit or loss	(89)	(22)
At end of year	596	685

The deferred tax asset is made up as follows:

	2015 £000	2014 £000
Accelerated capital allowances	312	336
Other timing differences	285	349
	597	685

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**NOTES TO THE FINANCIAL STATEMENTS
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17 Provisions

	Environ- mental and landfill costs £000
At 1 January 2015	4,937
Charged to the profit or loss	235
Utilised in year	(583)
Unwind of discount	207
At 31 December 2015	4,796

The provision for environmental and landfill costs has been calculated in accordance with the accounting policy set out in note 2.11. The closure costs will be incurred prior to and during the closure of the company's landfill sites, whilst the post closure provision will be utilised over the 30 years thereafter.

18. Share capital

	2015 £000	2014 £000
Shares classified as equity		
Allotted, called up and fully paid		
99,999 ordinary "A" shares of £1 each	100	100
400,001 ordinary "B" shares of £1 each	400	400
	500	500

The A and B shares rank *pari passu* with regards to voting rights and rights to distributions.

19. Reserves**Profit & loss account**

Profit & Loss account is distributable reserves made up of retained earnings.

20. Contingent liabilities

The company has provided unsecured guarantees to third parties in respect of restoration and performance bonds. At 31 December 2015, guarantees outstanding amounted to £6,635,000 (2014 - £6,704,000)

SHROPSHIRE WASTE MANAGEMENT LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015**

21. Capital commitments

At 31 December 2015 the Company had capital commitments as follows:

	2015 £000	2014 £000
Contracted for but not provided in these financial statements	1	19
	1	19

22. Pension commitments

The company operates a defined contributions pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension cost charge represents contributions payable by the company to the fund and amounted to £7,000 (2014 - £6000)

23. Commitments under operating leases

At 31 December 2015 the Company had future minimum lease payments under non-cancellable operating leases as follows:

	2015 £000	2014 £000
Property		
Not later than 1 year	88	119
Later than 1 year and not later than 5 years	128	183
Later than 5 years	259	291
Total	475	593
	2015 £000	2014 £000
Other		
Not later than 1 year	27	83
Later than 1 year and not later than 5 years	-	28
Total	27	111

SHROPSHIRE WASTE MANAGEMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

24. Related party transactions

During the year ended 31 December 2015 and the previous year, the company undertook the following transactions with related parties:

	Sales/ Income 2015 £000	Purchases/ expense 2015 £000	Year end balances 2015 £000	2014 £000
Sales made to SUEZ Recycling and Recovery UK Ltd and its Group	528	-	-	419
Management and admin recharges received from SUEZ Recycling and Recovery UK Ltd and its Group	-	(340)	-	(280)
Interest received from SUEZ Recycling and Recovery UK Ltd and its Group	32	-	-	29
Amounts owed by SUEZ Recycling and Recovery UK Ltd and its Group at year end	-	-	6,301	5,681
Sales made (tipping charges) to Telford and Wrekin Council	442	-	-	1,679
Purchases made (rates) from Telford and Wrekin Council	-	(168)	-	(75)
Amounts owed by Telford and Wrekin Council at year end	-	-	13	27
	<u>1,002</u>	<u>(508)</u>	<u>6,314</u>	<u>7,480</u>

SUEZ Recycling and Recovery UK Limited owns 93.3% of the share capital of Shropshire Waste Management Limited, whilst Telford and Wrekin Council owns 6.7%.

25. Controlling party

At the year end the ultimate parent undertaking was SUEZ SA, a company incorporated in France.

The largest group of which Shropshire Waste Management Limited is a member and for which group financial statements are drawn up is that headed by SUEZ SA, whose consolidated financial statements are available from Tour CB21, 16 Place de L'Iris, 92040 Paris La Defense Cedex, France. The smallest such group is that headed by SUEZ Recycling and Recovery Holdings UK Limited, a company registered in England & Wales. The consolidated financial statements of the SUEZ Recycling and Recovery Holdings UK Limited Group may be obtained from SUEZ House, Grenfell Road, Maidenhead, Berkshire, SL6 1ES.

In the opinion of the directors, SUEZ Recycling and Recovery Holdings UK Limited controls the company as a result of controlling 93.3% of the issued share capital of Shropshire Waste Management Limited. At the year end SUEZ SA was the ultimate controlling party, being the ultimate controlling party of SUEZ Recycling and Recovery Holdings UK Limited.

SHROPSHIRE WASTE MANAGEMENT LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
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26. First time adoption of FRS 101

The policies applied under the entity's previous accounting framework are not materially different to FRS 101 and have not impacted on equity or profit or loss.