

**Registered number: 02669578**

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**Suez Recycling and Recovery Tees Valley Ltd**

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**Annual report and financial statements**

**For the Year Ended 31 December 2019**

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**Suez Recycling and Recovery Tees Valley Ltd**

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**Company Information**

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<b>Directors</b>	M James G Mayson J Scanlon M Gordon J Kay (Non-executive) J Wilkinson F Duval C Thorn (appointed 1 February 2020)
<b>Company secretary</b>	M H Thompson
<b>Registered number</b>	02669578
<b>Registered office</b>	SUEZ House Grenfell Road Maidenhead Berkshire SL6 1ES
<b>Independent auditor</b>	Mazars LLP Tower Bridge House St Katharine's Way London E1W 1DD

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**Suez Recycling and Recovery Tees Valley Ltd**

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## Suez Recycling and Recovery Tees Valley Ltd

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### Strategic report For the Year Ended 31 December 2019

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#### Business review

The company's key financial indicators for the year are as follows:

	2019	2018	
	£000	£000	Change
Turnover	45,735	47,588	-4%
Operating profit	4,398	8,152	-46%
Profit after tax	3,647	6,495	-44%
Shareholders' funds - equity	63,234	59,587	6%
Current assets as a % of current liabilities	269%	176%	

Turnover has decreased from the prior year as prior year included contract backdated extension revenue offset by increase in electricity revenue in 2019 and increase in tonnage. The decrease in operating profits has been a result of additional major shutdown costs along with the one off contract extension revenue recognised in prior year.

Shareholders funds have increased due to the profit retained in the year.

#### Impact of leaving the EU

The potential impact of leaving the EU after the transitional period has been considered and the directors are of the opinion that no significant impact is expected to be felt.

#### Principal risks and uncertainties

The SUEZ Recycling and Recovery UK (SUEZ 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.

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## **Suez Recycling and Recovery Tees Valley Ltd**

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### **Strategic report (continued) For the Year Ended 31 December 2019**

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#### **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 SUEZ Group.

#### **COVID-19**

The companies within the SUEZ Recycling and Recovery Group in the UK (the Group) are managed centrally by one Operations Committee. Strategy and policy are decided upon at this Group level, and thus the risks and issues caused by the COVID-19 outbreak are being addressed on a Group wide basis.

Since the outbreak of the COVID-19 virus in the United Kingdom, the Group has continually assessed the risks and impacts of the pandemic and the associated economic slowdown on its business. The Group's Gold Command consisting of Company directors, other Operations Committee members and senior personnel gathers frequently to assess the evolving situation regarding the pandemic and Government legislation, as well as specific guidance for our industry.

The key risks to our business are considered to be as follows:

- The Health and Safety of our employees as well as the users of our services.

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## **Suez Recycling and Recovery Tees Valley Ltd**

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### **Strategic report (continued) For the Year Ended 31 December 2019**

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- Fall in demand for industrial and commercial collection services associated with the economic slowdown.
- Cash management resulting from reduced customer receipts.

The Group has taken significant measures to mitigate these risks.

#### **Health and Safety:**

The Health and Safety of our employees and the general public is always the top priority of the Group; with the outbreak of COVID-19 further accentuating this. The Group has gone to great lengths to secure sufficient supplies PPE to our operational teams. Furthermore, new guidance has been issued to operational teams (in particular those involved with collections) to manage social distancing protocol. The Group agreed with its local authority customers to close all of its Household Waste Recycling Centres upon lockdown to help prevent further spread of the virus and to protect the general public and our staff. The Group has implemented new procedures at its HWRCs to ensure social distancing and to limit the number of members of the public using the site at any given time. These include using an electronic appointment system at some sites, and restricted access dependent on vehicle number plates. The Group has worked closely with our public sector customers to define the parameters under which the HWRCs were able to re-open and the Group and local authorities have managed strong communication around this, and social distancing, with the general public. All office based staff were remobilised to work from home from mid March with a phased return to the office environment where distancing measures have been introduced in line with government guidance. The Group has also been very active on social media platforms to publicise and promote safe waste handling guidelines for the general public.

#### **Industrial and commercial collections:**

The lockdown and economic slowdown has led to reduced volumes within our collections business. We anticipate that these volumes may take a period of months to recover to pre COVID-19 levels and also provide an opportunity to grow. The Group benefits from diverse waste streams, with industrial and collections contributing about 15% of the Group revenue. So whilst the drop in industrial and collection (I&C) tonnage does have an impact on the Group's revenue and profitability, we are not overly reliant on I&C. Further measures have been implemented to restrict the impact of falling I&C tonnage on our business, such as mothballing certain vehicles and using the UK Government Coronavirus Job Retention Scheme (furlough scheme) for some collection staff. We have also supported our I&C customers that have been most affected by the lockdown by offering a service holiday during the lockdown period.

#### **Cash management:**

The slowdown of activity within the UK economy has further highlighted the need for tight cash management. The Group has continued to receive cash for the fixed price elements of our contracts with local authorities, even when the HWRCs were closed. The Group has continued to generate net cash inflows from its operating activities in the period since lockdown in the UK. We are also ensuring that we continue to pay our key suppliers promptly in line with the guidance set out under the government's PPN Supplier Relief programme. We continue to closely monitor the credit status of our customers, especially in the I&C business to minimise our exposure to bad debt risk which is partly mitigated via our credit insurance policies.

Like most business, COVID-19 will clearly have an impact on our Group's financial performance in 2020. The Directors remain confident that our strong relationships with our customers, our long term contracts and our diversified business will provide strong foundations for continued success.

#### **Section 172 statement**

In accordance with the Companies Act 2006 (the 'Act') (as amended by the Companies (Miscellaneous Reporting) Regulations 2018), the Directors provide this statement describing how they have had regard to the matters set out in section 172(1) (a) – (f) of the Act, when performing their duty to promote the success of the Company, under section 172.

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## Suez Recycling and Recovery Tees Valley Ltd

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### Strategic report (continued) For the Year Ended 31 December 2019

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*S172(1)(a) The likely consequences of any decision in the long term & S172(1)(e) The desirability of the company maintaining a reputation for high standards of business conduct*

The focus of the Board has been to drive the Group towards achieving its goals alongside its commitment to having a workforce that more accurately reflects society and has developed challenging targets to achieve this, which includes overhauling our parental leave and flexible working policies, improving the gender pay gap and collaborating across the sector to help drive sector-wide change.

As part of the Group's drive to become more sustainable, the Group has set targets as part of its environmental strategy. The Group is well advanced in developing action plans and engaging with our workforce. The next steps will be to provide the necessary training to be able to deliver these targets, as well as engaging with our wider stakeholders.

The directors of the Company delegated certain duties and responsibilities to various committees and receives regular and timely information (at least monthly) on all key aspects of the business including health and safety, risks and opportunities, the financial performance of the business, strategy, operational matters, market conditions and sustainability, all supported by Key Performance Indicators (KPIs) and identified a list of strategic priorities that were to be reviewed by management throughout 2019.

*S172(1)(b) The interests of the Company's employees*

How the directors promote the interests of the Company's employees are set out within the Engagement with employees section of the Directors' report. (page 11)

*S172(1)(c) The need to foster the company's business relationships with suppliers, customers and others*

How the directors promote the need to foster the company's business relationships with suppliers, customers and others is set out in the engagement with suppliers, customers and others of the Directors' report. (page 12)

*S172(1)(d) The impact of the Company's operations on the community and the environment*

The Company and our employees believe it is important to give something back to the communities we work in and to society. We do this in many ways. We organise these activities into a programme under our corporate responsibility strategy and call it Giving Something Back. The programme aims to encourage everyone in the company to get involved with local causes and supporting national charities.

Engagement takes place locally through our local offices and sites with many of our operations and the planning team having regular two-way conversations with community representatives to discuss our activities and the local topics that impact us both, including via the Science, Technology, Engineering and Mathematics (STEM) which helps to improve the learning and career prospects of local people, at the same time as enhancing our reputation and helping to develop our people and our education programmes, community consultation and involvement through various community Trusts.

During 2019 schools and community groups across the country, who wanted to know more about waste, what happens to it, visited many of our larger facilities that have education and visitor centres where groups can learn about the journey of waste, and see how we handle, process and recover value from it – giving it a second life.

Our network of employee education ambassadors, who are all passionate about resources and sharing their knowledge, visit schools to explain the importance of recycling and responsible waste management in a fun and informative way that links with the national curriculum. These ambassadors also visit local events and county fairs.

*S172(1)(f) The need to act fairly as between members of the company*

For the year under review we have been a wholly owned subsidiary within the SUEZ Recycling and Recovery UK Group. With the Chief Executive Office and the Finance Director also sitting on our board. Relevant

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**Suez Recycling and Recovery Tees Valley Ltd**

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**Strategic report (continued)**  
**For the Year Ended 31 December 2019**

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decision of the Board are also discussed, where relevant, at the meetings of the parent company board.

This report was approved by the board on *24<sup>th</sup> SEP 2020* and signed on its behalf.

**C Thorn**  
Director





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**Suez Recycling and Recovery Tees Valley Ltd**

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**Directors' report**  
**For the Year Ended 31 December 2019**

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The directors present their report and the financial statements for the year ended 31 December 2019.

**Principal activity**

The company's principal activity during the year was the provision of waste disposal facilities, including the operation of an energy-from-waste plant. The company operates as part of the Energy division of the SUEZ Recycling and Recovery Holdings UK Limited Group, the United Kingdom waste management business of SUEZ SA.

**Results and dividends**

The profit for the year, after taxation, amounted to £3,647,000 (2018 - £6,495,000).

The directors do not recommend the payment of a dividend (2018 - £nil).

**Directors**

The directors who served during the year were:

M James  
D Palmer-Jones (resigned 1 January 2020)  
G Mayson  
J Scanlon  
M Gordon  
J Kay (Non-executive)  
J Wilkinson  
F Duval

**Directors' indemnity**

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.

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## **Suez Recycling and Recovery Tees Valley Ltd**

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### **Directors' report (continued) For the Year Ended 31 December 2019**

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#### **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.

The UK Group benefits from a current account overdraft facility from the French parent company (SUEZ SA) to finance day to day activities. It also benefits from long term loans from SUEZ SA regarding some of our major infrastructure projects. The loans are subject to contractual terms and repayment schedules in line with the operational activities of the infrastructure that they finance. We consider it highly unlikely that SUEZ SA would cancel the overdraft facility that we have in place. However, should this unlikely event occur, we believe we would be able to replace the facility with external debt thanks to our strong credit reputation and relationships with UK banks. The UK Group currently has no external (non Group) loans in place. The impact of COVID-19 has been assessed and factored into the cashflow forecasts for the UK Group and it is not expected that the overdraft facility with SUEZ SA will be breached in the next 12 months, with adequate headroom for any unknown events also.

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 financial statements.

#### **Environmental matters**

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 2019 the SUEZ R&R UK Group:

- Provided municipal collection services for a population of 1,680,549 and 23,620 I&C customers, collecting a total of 1,536,435.06 tonnes;
- Handled a total of 10,334,293 tonnes:
  - 1,536,435.06 tonnes collected
  - 3,396,686 tonnes transferred
  - 5,401,171.809 tonnes treated (sum of waste treated: inputs counted)
- Recycled and/or recovered 4,206,013 tonnes:
  - 2,175,361.65 tonnes treated via EFW
  - Recycled 1,001,424.97 tonnes
  - Produced 71,397.34 tonnes compost
  - Recycled and/or recovered 360,994.30 tonnes wood
  - Produced 176,051.8 tonnes Solid Recovered Fuels (SRF)
  - Produced 420,782.95 tonnes Refuse Derived Fuels (RDF)
- Reduced waste to disposal to 620,023.20 tonnes
- Generated 1,573,075.53 MWh of electricity from our landfill gas and energy from waste facilities
- Restored 25.8 ha of landfill and planted 259 trees
- Helped our customers avoid -1,860,140.54 teCO<sub>2</sub> (through recycling, recovery and electricity/thermal energy generation)

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**Suez Recycling and Recovery Tees Valley Ltd**

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**Directors' report (continued)**  
**For the Year Ended 31 December 2019**

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**Future developments**

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

**Engagement with employees**

The Company, as part of SUEZ Recycling and Recovery UK Group (the Group), communicates to its employees through presentations, internal group-wide emails, newsletters, social media channels and blogs on our intranet. An annual employee conference, delivered at various local locations around the country, provides a briefing on the Group's performance, gives an update on any initiatives that are being introduced and allows individuals to raise questions and concerns.

The Board has direct engagement during site visits, Board presentations, informal lunches, social media channels and the blogs on our intranet, all of which give our employees the opportunity to interact with members of the Board and senior management.

U Say, the Group's employee engagement survey is carried out anonymously every two years to highlight areas of improvement. The Board considers the results of all employee engagement surveys a good barometer of the workforce's confidence in the Group's strategic direction, optimism in the future and career opportunities. In 2019 the Group improved its score in every one of the eight key factors when compared with the previous survey. 85% of our employees took the time to fill in the survey, achieving our highest engagement score to date and helped to raise £20,000 for our charity partner Macmillan Cancer Support.

In 2019, the Board started to send summaries of key themes from the Group Board meeting via our internal social media platform. Engagement with employees also takes place through works councils and various other committees and groups.

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**Suez Recycling and Recovery Tees Valley Ltd**

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**Directors' report (continued)**  
**For the Year Ended 31 December 2019**

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**Engagement with suppliers, customers and others****Customers**

The Board engages with key customers and clients through the Regional Directors who provide the Board with regular information about customers in various reports produced throughout the business by the commercial and management teams.

**Suppliers**

The Group primarily engages with our suppliers via its website and procurement teams as well as through other business support functions including the commercial and legal.

The Board receives information through various Group's board reports produced throughout the business.

**Other stakeholders**

Other key stakeholders include the Government, Regulators and Local Authorities.

The Chief Executive, some directors and senior managers met with members of Government, other political parties and senior officials to provide an overview of the recycling and recovery industry and to provide feedback on potential changes being considered by the Government.

Members of Parliament visited a number of our sites during the year. Government and ministers gain a better understanding of the challenges facing the industry which will in turn potentially result in more favourable policies for our industry.

The Group's business is heavily regulated with a large number of our key clients being local authorities. We perform customer engagement surveys and the performance of the business is regularly reported to the Board and OpCom on a monthly basis. The findings are used to improve customer engagement with knowledge being shared across the Group. On all large contracts, the Group hosts local community events to engage with local stakeholders.

**Matters covered in the strategic report**

As permitted by Paragraph 1A of Schedule 7 to the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 certain matters which are required to be disclosed in the Directors' report have been omitted as they are included in the Strategic report. These matters relate to financial instrument risk.

**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 the director is aware, there is no relevant audit information of which the Company's auditor is unaware, and
- the 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.

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## Suez Recycling and Recovery Tees Valley Ltd

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### Directors' report (continued) For the Year Ended 31 December 2019

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#### 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;
- 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 to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

#### Auditor

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

The auditor, Mazars LLP, is deemed to be reappointed in accordance with section 386 of the Companies Act 1985 by virtue of an elective resolution passed by the members on 7 July 2003.

This report was approved by the board on 26<sup>th</sup> SEP 2020 and signed on its behalf.



C Thorn  
Director

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**Suez Recycling and Recovery Tees Valley Ltd**

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**Independent auditor's report to the members of Suez Recycling and Recovery Tees Valley Ltd**

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**Opinion**

We have audited the financial statements of Suez Recycling and Recovery Tees Valley Ltd (the 'Company') for the year ended 31 December 2019, which comprise the Statement of comprehensive income, the Statement of financial position, the Statement of changes in equity and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 101 'Reduced Disclosure Framework' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2019 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

**Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**Emphasis of matter - Impact of the outbreak of COVID-19 on the financial statements**

In forming our opinion on the company financial statements, which is not modified, we draw your attention to the directors' view on the impact of the COVID-19 as disclosed on page 5, and the consideration in the going concern basis of preparation on page 10 and non-adjusting post balance sheet events on page 41.

Since the balance sheet date there has been a global pandemic from the outbreak of COVID-19. The impact of COVID-19 became significant in March 2020 and has caused widespread disruption to normal patterns of business activity across the world, including the UK.

The impact of COVID-19 continues to evolve and, based on the information available at this point in time, the directors have assessed the impact of COVID-19 on the business and have concluded that COVID-19 is a non-adjusting post balance sheet event and that adopting the going concern basis for preparation of the financial statements is appropriate.

**Conclusions relating to going concern**

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting

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**Suez Recycling and Recovery Tees Valley Ltd**

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**Independent auditor's report to the members of Suez Recycling and Recovery Tees Valley Ltd  
(continued)**

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for a period of at least twelve months from the date when the financial statements are authorised for issue.

**Other information**

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion 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 such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in 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 in this regard.

**Opinion on other matters prescribed by the Companies Act 2006**

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

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

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

In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic report or the Directors' report.

We have nothing to report in respect of the following matters in relation to which 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.

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**Suez Recycling and Recovery Tees Valley Ltd**

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**Independent auditor's report to the members of Suez Recycling and Recovery Tees Valley Ltd  
(continued)**

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**Responsibilities of directors**

As explained more fully in the Directors' responsibilities statement on page 10, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors 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.

**Auditor's 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 auditor's 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.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

**Use of the audit report**

This report is made solely to the company's member 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.



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: 25 September 2020



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**Suez Recycling and Recovery Tees Valley Ltd**

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**Statement of comprehensive income  
For the Year Ended 31 December 2019**

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	Note	2019 £000	2018 £000
Turnover	4	45,735	47,588
Cost of sales		(34,486)	(32,904)
<b>Gross profit</b>		<b>11,249</b>	<b>14,684</b>
Administrative expenses		(6,859)	(6,154)
Other operating income/(expense)	5	8	(378)
<b>Operating profit</b>	6	<b>4,398</b>	<b>8,152</b>
Interest receivable and similar income	9	248	208
Interest payable and expenses	10	(54)	(49)
<b>Profit before tax</b>		<b>4,592</b>	<b>8,311</b>
Tax on profit	11	(945)	(1,816)
<b>Profit for the financial year</b>		<b>3,647</b>	<b>6,495</b>
<b>Total comprehensive income for the year</b>		<b>3,647</b>	<b>6,495</b>

The notes on pages 17 to 38 form part of these financial statements.

All profit and total comprehensive income are attributable to continuing operations.

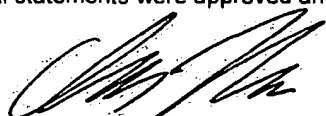
**Suez Recycling and Recovery Tees Valley Ltd**  
**Registered number: 02669578**

**Statement of financial position**  
**As at 31 December 2019**

	Note	2019 £000	2018 £000
<b>Fixed assets</b>			
Tangible assets	12	43,902	47,724
		<u>43,902</u>	<u>47,724</u>
<b>Current assets</b>			
Stocks	13	3,701	3,092
Debtors: amounts falling due after more than one year	14	13,583	14,397
Debtors: amounts falling due within one year	14	36,602	32,716
		<u>53,886</u>	<u>50,205</u>
Creditors: amounts falling due within one year	15	(15,009)	(20,289)
<b>Net current assets</b>		<u>38,877</u>	<u>29,916</u>
<b>Total assets less current liabilities</b>		<u>82,779</u>	<u>77,640</u>
Creditors: amounts falling due after more than one year	16	(869)	(1,035)
		<u>81,910</u>	<u>76,605</u>
<b>Provisions for liabilities</b>			
Deferred taxation	18	(3,273)	(3,669)
Other provisions	20	(15,403)	(13,349)
		<u>(18,676)</u>	<u>(17,018)</u>
<b>Net assets</b>		<u>63,234</u>	<u>59,587</u>
<b>Capital and reserves</b>			
Called up share capital	22	1	1
Profit and loss account	21	63,233	59,586
<b>Shareholder's funds - equity</b>		<u>63,234</u>	<u>59,587</u>

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

C Thorn  
Director



26 JAN 2020

The notes on pages 20 to 41 form part of these financial statements.

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**Suez Recycling and Recovery Tees Valley Ltd**

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**Statement of changes in equity  
For the Year Ended 31 December 2019**

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	<b>Called up share capital</b>	<b>Profit and loss account</b>	<b>Total equity</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>
At 1 January 2019	1	59,586	59,587
<b>Comprehensive income for the year</b>			
Profit for the year	-	3,647	3,647
<b>Total comprehensive income for the year</b>	-	3,647	3,647
<b>At 31 December 2019</b>	<b>1</b>	<b>63,233</b>	<b>63,234</b>

The notes on pages 17 to 38 form part of these financial statements.

**Statement of changes in equity  
For the Year Ended 31 December 2018**

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	<b>Called up share capital</b>	<b>Profit and loss account</b>	<b>Total equity</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>
At 1 January 2018	1	51,989	51,990
<b>Comprehensive income for the year</b>			
Profit for the year	-	6,495	6,495
<b>Total comprehensive income for the year</b>	-	6,495	6,495
On initial application of IFRS 15	-	1,102	1,102
<b>At 31 December 2018</b>	<b>1</b>	<b>59,586</b>	<b>59,587</b>

The notes on pages 17 to 38 form part of these financial statements.

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## **Suez Recycling and Recovery Tees Valley Ltd**

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### **Notes to the financial statements For the Year Ended 31 December 2019**

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#### **1. General Information**

SUEZ Recycling and Recovery Tees Valley Limited is a private company limited by shares 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 waste management encompassing waste disposal collection and ancillary services.

The Company's intermediate parent company is SUEZ Recycling and Recovery North East Limited, incorporated and registered in the United Kingdom, which owns 100% of the Company's 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 SA 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).

**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.
- The requirements of the second sentence of paragraph 110 and paragraphs 113(a), 114, 115, 118, 119(a) to (c), 120 to 127 and 129 of IFRS 15 Revenue from Contracts with Customers.

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.

**2.3 Impact of new international reporting standards, amendments and interpretations**

**IFRS 16**

The Company has applied IFRS 16 using the modified retrospective approach, under which the cumulative effect of initial application is recognised in retained earnings at 1 January 2019.

For leases that were classified as finance leases under IAS 17, the carrying amount of the right-of-use asset and the lease liability at 1 January 2019 are determined at the carrying amount of the lease asset and lease liability under IAS 17 immediately before that date.

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**Suez Recycling and Recovery Tees Valley Ltd**

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**Notes to the financial statements  
For the Year Ended 31 December 2019**

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**2. Accounting policies (continued)****2.3 Impact of new international reporting standards, amendments and interpretations (continued)**

The following tables summarise the impacts of adopting new reporting standards on the Company's financial statements.

**Statement of financial position (extract)**

	31 December 2018 As originally presented £000	IFRS 16 £000	1 January 2019 Adjusted balance £000
<b>Fixed assets</b>			
Tangible assets	47,724	78	47,802
	<u>47,724</u>	<u>78</u>	<u>47,802</u>
<b>Current assets</b>			
Stocks	3,092	-	3,092
Debtors	47,113	-	47,113
<b>Total current assets</b>	<u>50,205</u>	<u>-</u>	<u>50,205</u>
Creditors: amounts falling due within one year	(20,289)	(4)	(20,293)
<b>Total assets less current liabilities</b>	<u>77,640</u>	<u>74</u>	<u>77,714</u>
Creditors: amounts falling due after more than one year	(1,035)	(74)	(1,109)
Deferred taxation	(3,669)	-	(3,669)
Other provisions	(13,349)	-	(13,349)
<b>Net assets</b>	<u>59,587</u>	<u>-</u>	<u>59,587</u>

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**Suez Recycling and Recovery Tees Valley Ltd**

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**Notes to the financial statements  
For the Year Ended 31 December 2019**

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**2. Accounting policies (continued)****2.3 Impact of new international reporting standards, amendments and interpretations (continued)**

On adoption of IFRS 16, the group recognised lease liabilities in relation to leases which had previously been classified as 'operating leases' under the principles of IAS 17 Leases. These liabilities are measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate as of 1 January 2019. The weighted average lessee's incremental borrowing rate applied to the lease liabilities on 1 January 2019 was between 1.01% and 2.19%.

In applying IFRS 16 for the first time, the group has used the following practical expedients permitted by the standard:

- applying a single discount rate to a portfolio of leases with reasonably similar characteristics
- relying on previous assessments on whether leases are onerous as an alternative to performing an impairment review – there were no onerous contracts as at 1 January 2019
- accounting for operating leases with a remaining lease term of less than 12 months as at 1 January 2019 as short-term leases
- excluding initial direct costs for the measurement of the right-of-use asset at the date of initial application, and
- using hindsight in determining the lease term where the contract contains options to extend or terminate the lease.

**Measurement of lease liabilities**

	<b>2019</b> <b>£000</b>
IFRS16 Operating lease commitments disclosed as at 31 December 2018	<u><b>220</b></u>
Discounted using the lessee's incremental borrowing rate of at the date of initial application	<b>207</b>
(Less): contracts transferred to other group companies	<u><b>(129)</b></u>
<b>Lease liability recognised as at 1 January 2019</b>	<b>78</b>
	<b>2019</b> <b>£000</b>
Of which are:	
Current lease liabilities	<b>4</b>
Non-current lease liabilities	<u><b>74</b></u>
	<b>78</b>

**Notes to the financial statements  
For the Year Ended 31 December 2019**

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**2. Accounting policies (continued)**

**2.4 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.

The UK Group benefits from a current account overdraft facility from the French parent company (SUEZ SA) to finance day to day activities. It also benefits from long term loans from SUEZ SA regarding some of our major infrastructure projects. The loans are subject to contractual terms and repayment schedules in line with the operational activities of the infrastructure that they finance. We consider it highly unlikely that SUEZ SA would cancel the overdraft facility that we have in place. However, should this unlikely event occur, we believe we would be able to replace the facility with external debt thanks to our strong credit reputation and relationships with UK banks. The UK Group currently has no external (non Group) loans in place. The impact of COVID-19 has been assessed and factored into the cashflow forecasts for the UK Group and it is not expected that the overdraft facility with SUEZ SA will be breached in the next 12 months, with adequate headroom for any unknown events also.

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 financial statements.

**2.5 Revenue**

Operation and maintenance revenue is measured by a contractual fixed and variable fee. Differences between the amounts recognised in the income statement and amount invoiced at the period end are shown in the statement of financial position as a contract asset or contract liability.

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.

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

**2.6 Leases**

**The Company as a lessee**

The Company assesses whether a contract is or contains a lease, at inception of a contract. The Company recognises a right-of-use asset and a corresponding lease liability with respect to all lease agreements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets. For these leases, the Company recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

The lease liability is initially measured at the present value of the lease payments that are not paid at



**Notes to the financial statements  
For the Year Ended 31 December 2019**

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**2. Accounting policies (continued)**

**2.6 Leases (continued)**

the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Company uses its incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise:

- fixed lease payments (including in-substance fixed payments), less any lease incentives;

The lease liability is included in 'Creditors' on the Statement of financial position.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

The Company did not make any such adjustments during the periods presented.

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Company expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease.

The right-of-use assets are included in the 'Intangible Assets', 'Tangible Fixed Assets' and 'Investment Property' lines, as applicable, in the Statement of financial position.

The Company applies IAS 36 to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss as described in note 2.7.

As a practical expedient, IFRS 16 permits a lessee not to separate non-lease components, and instead account for any lease and associated non-lease components as a single arrangement. The Company has not used this practical expedient.

**2.7 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.

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**Suez Recycling and Recovery Tees Valley Ltd**

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**Notes to the financial statements  
For the Year Ended 31 December 2019**

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**2. Accounting policies (continued)****2.7 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	- 10 - 30 years, straight line
Plant & machinery	- 3 - 30 years, straight line
Motor vehicles	- 3 - 12 years, straight line
Fixtures & fittings	- 3 - 30 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.

**2.8 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.

**2.9 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.

**Notes to the financial statements  
For the Year Ended 31 December 2019**

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**2. Accounting policies (continued)**

**2.10 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.

Impairment provisions are established based on the lifetime expected loss model. The amount of any provision is recognised in profit and loss.

**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.

**2.11 Creditors**

Creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers.

Creditors are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

**2.12 Finance costs**

Finance costs are charged to the Statement of comprehensive income over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

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**Suez Recycling and Recovery Tees Valley Ltd**

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**Notes to the financial statements  
For the Year Ended 31 December 2019**

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**2. Accounting policies (continued)****2.13 Pensions**

The Company participates in SUEZ Recycling and Recovery UK Group defined benefit pension schemes and the pension charge is based on full actuarial valuations dated between 31 December 2018 and 5 April 2019. These are schemes under common control, the assets and liabilities of which are held separately from the Group. The company is unable to identify its share of the underlying assets and liabilities of the schemes and accordingly accounts for the schemes as if they were defined contribution schemes.

**2.14 Interest income**

Interest income is recognised in the Statement of comprehensive income using the effective interest method.

**2.15 Provisions for liabilities**

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 2.36% (2018- 2.34%) and discounted by 6.33% (2018- 6.36%). 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. Accounting policies (continued)**

**2.16 Current and deferred taxation**

The tax expense for the year comprises current and deferred tax. Tax is recognised in the Income Statement, except for a change attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity which 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 balances are recognised in respect of all temporary 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.

**Notes to the financial statements  
For the Year Ended 31 December 2019**

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**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:

- **Leases** - management judgement is required to determine whether break clauses within lease contracts are likely to be exercised and this impacts the valuation of amounts recognised under IFRS16. Lease liabilities are recognised at net present value using discount rate estimated by management to reflect the time value of money.
- **Maintenance provision** - Estimates are made of maintenance costs to be incurred over the length of operating certain facilities under operations and maintenance contracts. These cost estimates are prepared by technical experts within SUEZ based on experience in operating similar facilities along with the specific maintenance needs of each facility and contract. These cost estimates are reviewed and updated each year by senior management and are used as the basis for the maintenance provision (Note 20).
- **Landfill provisions** – The post closure costs associated with environmental control after landfill sites close are uncertain. The key factors are the volumes of leachate requiring treatment, the amount of landfill gas produced by the site and the amounts of electricity income this can generate, the speed at which the waste decomposes and other requirements set out by the environmental regulator. The provision requirement is reviewed and updated, if required, on an annual basis. The provisions are recognised in the financial statements at net present value using a discounted rate estimated by management to reflect the time value of money.  
At 31 December 2019 the company's landfill provisions were £1.1m (2018: £1.1m)(Note 20).

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.

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**Suez Recycling and Recovery Tees Valley Ltd**

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**Notes to the financial statements  
For the Year Ended 31 December 2019**

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**4. Turnover**

An analysis of turnover by class of business is as follows:

	2019 £000	2018 £000
Disposal costs	31,607	33,304
Generation of electricity	8,141	6,769
Sale of Recyclates	1,280	3,176
Operating and Maintenance	4,707	4,339
	<u>45,735</u>	<u>47,588</u>

All turnover arose within the United Kingdom.

If the services rendered by the company exceed the payment, a contract asset is recognised, if the payments exceed the services rendered a contract liability is recognised.

**5. Other operating income/(expense)**

	2019 £000	2018 £000
Profit/(loss) on disposal of tangible assets	8	(378)
	<u>8</u>	<u>(378)</u>

**6. Operating profit**

The operating profit is stated after charging:

	2019 £000	2018 £000
Depreciation of tangible fixed assets	5,558	5,647
Cost of stocks recognised as an expense	563	894
	<u>6,121</u>	<u>6,541</u>

**7. Auditor's remuneration**

For the year ended 31 December 2019 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 as these are disclosed in the group accounts of the parent Company.

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**Suez Recycling and Recovery Tees Valley Ltd**

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**Notes to the financial statements  
For the Year Ended 31 December 2019**

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**8. Employees**

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

During the year, no director received any emoluments (2018-£NIL)

Staff costs were as follows:

	2019 £000	2018 £000
Wages and salaries	7,091	6,853
Social security costs	827	804
Pension costs	991	751
	<u>8,909</u>	<u>8,408</u>

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

	2019 No.	2018 No.
Operational	131	132
Administration & management	24	23
	<u>155</u>	<u>155</u>

**9. Interest receivable**

	2019 £000	2018 £000
Interest receivable from group companies	248	208
	<u>248</u>	<u>208</u>

**10. Interest payable and similar expenses**

	2019 £000	2018 £000
Unwinding of discount on provisions	52	49
Interest on lease liabilities	2	-
	<u>54</u>	<u>49</u>



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**Suez Recycling and Recovery Tees Valley Ltd**

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**Notes to the financial statements  
For the Year Ended 31 December 2019**

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**11. Taxation**

	2019 £000	2018 £000
<b>Corporation tax</b>		
Current tax on profits for the year	1,341	2,242
Adjustments in respect of previous periods	-	(19)
<b>Total current tax</b>	<u>1,341</u>	<u>2,223</u>
<b>Deferred tax</b>		
Origination and reversal of timing differences	(398)	(405)
Adjustments in respect of prior years	2	(2)
<b>Total deferred tax</b>	<u>(396)</u>	<u>(407)</u>
<b>Taxation on profit on ordinary activities</b>	<u>945</u>	<u>1,816</u>

**Factors affecting tax charge for the year**

The tax assessed for the year is higher than (2018 - *higher than*) the standard rate of corporation tax in the UK of 19% (2018 - 19%). The differences are explained below:

	2019 £000	2018 £000
Profit on ordinary activities before tax	<u>4,592</u>	<u>8,311</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2018 - 19%)	872	1,579
<b>Effects of:</b>		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	23	210
Adjustments to tax charge in respect of prior periods	2	(21)
Changes in taxation rate	48	48
<b>Total tax charge for the year</b>	<u>945</u>	<u>1,816</u>

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**Suez Recycling and Recovery Tees Valley Ltd**

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**Notes to the financial statements  
For the Year Ended 31 December 2019**

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**11. Taxation (continued)**

**Factors that may affect future tax charges**

Subsequent to the balance sheet date, the Finance Act 2020 was substantively enacted on 17 March 2020. The rate applicable from 1 April 2020 now remains at 19%, rather than the previously enacted reduction to 17%. This change has not been recognised in these financial statements with deferred tax continuing to be recognised at 17%.

**12. Tangible fixed assets**

	Freehold land and buildings £000	Plant & machinery £000	Motor vehicles £000	Fixtures & fittings £000	Assets under construct'n £000	Total £000
<b>Cost</b>						
At 1 January 2019	4,203	107,794	26	399	119	112,541
Additions	-	1,193	152	-	316	1,661
Disposals	-	(61)	-	-	-	(61)
Transfers between classes	-	77	-	-	(77)	-
Right of use assets	78	-	-	-	-	78
At 31 December 2019	4,281	109,003	178	399	358	114,219
<b>Depreciation</b>						
At 1 January 2019	2,948	61,460	26	383	-	64,817
Charge for the year on owned assets	107	5,204	6	7	-	5,324
Charge for the year on right-of-use assets	5	229	-	-	-	234
Transfers intra group	-	3	-	-	-	3
Disposals	-	(61)	-	-	-	(61)
At 31 December 2019	3,060	66,835	32	390	-	70,317
<b>Net book value</b>						
At 31 December 2019	1,221	42,168	146	9	358	43,902
At 31 December 2018	1,255	46,334	-	16	119	47,724

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**Suez Recycling and Recovery Tees Valley Ltd**

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**Notes to the financial statements  
For the Year Ended 31 December 2019**

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

The net book value of owned and leased assets included as "Tangible fixed assets" in the Statement of financial position is as follows:

	2019 £000
Tangible fixed assets owned	42,874
Right-of-use tangible fixed assets	1,028
	<u>43,902</u>

Information about right-of-use assets is summarised below:

**Net book value**

	2019 £000
Property	73
Plant and machinery	955
	<u>1,028</u>

**Depreciation charge for the year ended**

	2019 £000
Property	(5)
Plant and machinery	(229)
	<u>(234)</u>

**13. Stocks**

	2019 £000	2018 £000
Raw materials and consumables	3,701	3,092
	<u>3,701</u>	<u>3,092</u>

In the year ended 31 December 2019 £563,000 (2018: £894,000) was the amount of inventory recognised as an expense. £nil has been written down in the year (2018: £nil)

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

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**Suez Recycling and Recovery Tees Valley Ltd**

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**Notes to the financial statements  
For the Year Ended 31 December 2019**

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**14. Debtors**

	2019 £000	2018 £000
<b>Due after more than one year</b>		
Contract assets	13,583	14,397
	<u>13,583</u>	<u>14,397</u>
	2019 £000	2018 £000
<b>Due within one year</b>		
Amounts owed by group undertakings	30,661	26,749
Prepayments	331	509
Contract assets	5,610	5,458
	<u>36,602</u>	<u>32,716</u>

**15. Creditors: Amounts falling due within one year**

	2019 £000	2018 £000
Corporation tax	1,341	2,242
Lease liabilities	239	230
Contract Liability	7,040	7,914
Accruals	425	3,939
Share capital treated as debt	5,964	5,964
	<u>15,009</u>	<u>20,289</u>

Disclosure of the terms and conditions attached to the non-equity shares is made in note 22.

**16. Creditors: Amounts falling due after more than one year**

	2019 £000	2018 £000
Lease liabilities	869	1,035
	<u>869</u>	<u>1,035</u>

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**Suez Recycling and Recovery Tees Valley Ltd**

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**Notes to the financial statements  
For the Year Ended 31 December 2019**

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**17. Financial instruments**

	2019 £000	2018 £000
<b>Financial assets</b>		
Financial assets that are debt instruments measured at amortised cost	<u>49,854</u>	<u>46,604</u>
<b>Financial liabilities</b>		
Financial liabilities measured at amortised cost	<u>(7,497)</u>	<u>(11,168)</u>

Financial assets measured at amortised cost comprises of contract assets, other debtors and amounts owed by group undertakings.

Financial Liabilities measured at amortised cost comprise of mainly share capital treated as debt, leases, accrued costs and amounts due on financial leases.

**18. Deferred taxation**

	2019 £000	2018 £000
At beginning of year	(3,669)	(4,076)
Charged to profit or loss	396	407
<b>At end of year</b>	<u><b>(3,273)</b></u>	<u><b>(3,669)</b></u>

The provision for deferred taxation is made up as follows:

	2019 £000	2018 £000
Accelerated capital allowances	(3,315)	(3,739)
Other timing differences	42	70
	<u><b>(3,273)</b></u>	<u><b>(3,669)</b></u>

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**19. Leases****Company as a lessee****Leases of Properties**

Lease liabilities are due as follows:

	<b>2019 £000</b>
Not later than one year	<b>239</b>
Between one year and five years	<b>817</b>
Later than five years	<b>52</b>
	<b>1,108</b>

Contractual undiscounted cash flows are due as follows:

	<b>2019 £000</b>
Not later than one year	<b>263</b>
Between one year and five years	<b>867</b>
Later than five years	<b>54</b>
	<b>1,184</b>

There are no significant liquidity risk in relation to lease liabilities.

The following amounts in respect of leases, where the Company is a lessee, have been recognised in profit or loss:

	<b>2019 £000</b>
Interest expense on lease liabilities	<b>2</b>
Expenses relating to short-term leases	<b>500</b>

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**Suez Recycling and Recovery Tees Valley Ltd**

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**Notes to the financial statements  
For the Year Ended 31 December 2019**

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**20. Provisions**

	Environment al Provision £000	Maintenance Provision £000	Total £000
At 1 January 2019	1,062	12,287	13,349
Charged to profit or loss	24	4,107	4,131
Unwind of discount rate	52	-	52
Utilised in year	(46)	(2,083)	(2,129)
<b>At 31 December 2019</b>	<b>1,092</b>	<b>14,311</b>	<b>15,403</b>

**Environmental and landfill costs**

The provision for environmental and landfill costs has been calculated in accordance with the accounting policy set out in note 2.15. 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 60 years thereafter.

**Maintenance provision**

Provision has been made for the costs of maintaining and replacing assets as required under the terms of contracts in place with customers under operating and maintenance arrangements. The company expects for these costs to be incurred for more than 15 years.

**21. Reserves****Profit & loss account**

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

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**Suez Recycling and Recovery Tees Valley Ltd**

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**Notes to the financial statements  
For the Year Ended 31 December 2019**

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**22. Share capital**

	2019 £000	2018 £000
<b>Shares classified as equity</b>		
<b>Allotted, called up and fully paid</b>		
800 (2018 - 800) ordinary (equity, non-voting) shares of £1.00 each	1	1
100 (2018 - 100) 'A' and 'B' ordinary (voting, non-equity) shares of £0.01 each	-	-
200 (2018 - 200) deferred shares of £1.00 each	-	-
	<u>1</u>	<u>1</u>
	<u><u>1</u></u>	<u><u>1</u></u>
<b>Shares classified as debt</b>		
<b>Allotted, called up and fully paid</b>		
5,963,995 (2018 - 5,963,995) 0% redeemable preference shares of £1.00 each	5,964	5,964
	<u><u>5,964</u></u>	<u><u>5,964</u></u>

**23. Pension commitments**

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. The pension cost charge represents contributions payable by the company to the fund and amounted to £806,000 (2018 - £478,000).

The company participates in SUEZ R&R UK Group defined benefit pension schemes and the pension charge is based on full actuarial valuations dated between 31 December 2018 and 5 April 2019. These are schemes under common control, the assets and liabilities of which are held separately from the Group. The company is unable to identify its share of the underlying assets and liabilities due to the manner in which the schemes have been administered historically. SUEZ R&R Tees Valley Limited accordingly accounts for the schemes as if they were defined contribution schemes.

The assets in the Group schemes are measured at their fair value at the balance sheet date and overall expected rates of return are established by the directors following discussions with the Group's actuary. The liabilities in the scheme are measured on an actuarial basis using the projected unit method. The net liability of the UK schemes as disclosed in the consolidated accounts of the UK parent company, SUEZ Recycling and Recovery Holdings UK Limited, at 31st December 2019 is £13,634,000 (2018: £10,595,000).

The pension cost charge represents contributions payable by the company to the funds and amounted to £185,000 (2018 - £52,000). It is not anticipated that future pension cost charges in SUEZ Recycling and Recovery Tees Valley Limited will increase significantly because of the net liability in the Group pension schemes. The total amount expected to be contributed by the SUEZ Recycling and Recovery Holdings UK Limited Group to the schemes in 2020 is £2,801,000 (2019 contributions - £2,773,000).



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**24. Related party transactions**

During the year ended 31 December 2019 the company made sales of £9,913,000 to South Tyne & Wear Energy Recovery Limited (2018 - £9,469,000). During the year ended 31 December 2019 the company made purchases of £8,692,000 from South Tyne & Wear Energy Recovery Limited (2018 - £7,610,000).

During the year ended 31 December 2019 the company made sales of £5,027,000 to Northumberland Energy Recovery Limited (2018 - £8,894,000). No balances were outstanding at 31 December 2019.

South Tyne & Wear Energy Recovery Limited and Northumberland Energy Recovery Limited are associate companies within SUEZ Recycling and Recovery Holdings UK Limited Group. The Company's relationship with SUEZ Recycling and Recovery Holdings UK Limited is described in note 26.

**25. Post balance sheet events**

Since the balance sheet date there has been a global pandemic from the outbreak of COVID-19. The potential impact of COVID-19 became significant in March 2020 and is causing widespread disruption to normal patterns of business activity across the world, including the UK. The company is treating this as a non-adjusting post balance sheet event and therefore the judgements and estimates disclosed in note 3 have not been updated to reflect the impact of this event.

**26. Controlling party**

At the year end the immediate parent undertaking was SUEZ Recycling and Recovery North East Ltd, a company incorporated in England & Wales.

In the opinion of the directors, the Company's ultimate parent company and ultimate controlling party is SUEZ SA, a company incorporated in France.

The parent undertaking of the smallest such Group is SUEZ Recycling and Recovery Holdings UK Limited, a company incorporated in England & Wales. Copies of the Group financial statements of SUEZ SA are available from Tour CB21, 16 Place de L'Iris, 92040 Paris La defense Cedex, France. Copies of the Group financial statements of SUEZ Recycling and Recovery Holdings UK Limited are available from SUEZ House, Grenfell Road, Maidenhead, Berkshire, SL6 1ES.