

Company Registration No. 02674166

**FCC Recycling (UK) Limited (formerly
known as Waste Recycling Limited)**

Report and Financial Statements

31 December 2012

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FCC Recycling (UK) Limited

Report and financial statements 2012

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FCC Recycling (UK) Limited

Report and financial statements 2012

Officers and professional advisers

Directors

P Taylor
V F Orts-Llopis
A Serrano Minchan
C J Ellis

Company Secretary

C Nunn

Registered Office

Ground Floor West
900 Pavilion Drive
Northampton Business Park
Northampton
NN4 7RG

Auditor

Deloitte LLP
2 New Street Square
London
EC4A 3BZ

FCC Recycling (UK) Limited

Directors' report

The Directors of FCC Recycling (UK) Limited (the "Company") present their report and audited financial statements for the year ended 31 December 2012

Name change

On 11 May 2012, the Company changed its name from Waste Recycling Limited to FCC Recycling (UK) Limited, as part of a UK business re-branding project that also saw the Company's ultimate UK-domiciled parent company, Waste Recycling Group Limited change its name to FCC Environment (UK) Limited ("FCC E UK") on the same date

Principal activity

The principal activity of the Company during the year ended 31 December 2012 was handling, recycling and disposal of waste materials

The activities, strategies and risks affecting the Company are inextricably similar to, and dependent on, those of its ultimate UK-domiciled parent company FCC E UK and FCC E UK's subsidiary undertakings (together the "Group"), and consequently it is appropriate that the following narrative applies to the Group in its entirety

The Group is a key player within the municipal waste management sector, with over 60 Local Authority clients across England, Wales and Scotland

The Group provides a diverse range of cost effective and sustainable waste processing, recycling, treatment, disposal and energy recovery services for Local Authority and private commercial customers. During 2012, the Group received, treated, recycled and disposed of 8.1million (2011: 8.6million) tonnes of household, commercial and industrial waste and managed around 200 waste management facilities. Through innovative solutions, backed by a passion for excellent customer service, the Group is committed to working with its Local Authority partners and industrial and commercial customers to respond to often complex and far-reaching waste management strategies, to meet the challenges of increased regulation from the UK and EU, and to improve upon waste management targets

The Company undertakes activities in the following divisions of FCC E UK -

- Recycling and Landfill Division – which has UK wide responsibility for all landfill and non-landfill treatment activities except Energy from Waste ("EfW"), comprising the transfer, recycling, composting and household waste recycling centre ("HWRC") operations within the Group including the Waste Treatment Division (which treats hazardous solid and liquid wastes) and the Quarries Division which operates several quarries in Yorkshire,
- Trade Collections Division – which has UK responsibility for the collection of commercial & industrial and healthcare waste from the Group's business customers to support the existing and planned infrastructure of the Recycling and Landfill division

Overview of Group

The Company is a subsidiary of FCC E UK and its ultimate parent is Fomento de Construcciones y Contratas, S.A. ("FCC"). FCC is a significant multi-national business listed on the Madrid stock exchange with operations in Europe, South and Central America, Africa, the Middle East and the United States of America. FCC's principal activities cover Environmental Services (including waste management), Construction, and Infrastructure.

FCC's substantial financial strength and depth of experience in the European waste infrastructure sector is backed by over 100 years of experience in operating municipal services contracts. This complements the Group's position as a leading waste management, recycling and renewable energy business and its ambition to maintain its position as a significant player in establishing the next generation of waste treatment infrastructure in the UK. The core services provided by the Group are fully aligned with FCC's strategic growth plans and it is ideally placed to take advantage of local opportunities to provide the services and infrastructure required by the United Kingdom to meet the European Waste Framework Directive, 50% of all municipal waste will have to be recycled by 2020 and the European Union's target that 20% of all energy consumed should be from a renewable source by 2020. The Directors continue to look forward to the opportunities that are presented to the Group and its employees by virtue of FCC's plans to expand and embed its operations in the UK.

FCC Recycling (UK) Limited

Directors' report (continued)

Overview of Group (continued)

The Directors see the development of major waste infrastructure to support sustainable waste management and strategic long-term partnerships as key to the Group's future business growth. It anticipates considerable activity and deployment of Group resources into recycling facilities, renewable energy projects, major Private Finance Initiative ("PFI") and Public Private Partnership ("PPP") schemes, the development of innovative waste treatment solutions and the provision of regional facilities. The Directors remain of the view that EfW will be a key component of some regional waste strategies and, in combination with other treatment, recycling and recovery operations, backed up by landfill disposal for residues, this strategy represents a long-term sustainable solution for meeting its clients' diversion targets.

Business review

The Directors consider that the business performed satisfactorily during 2012 against a backdrop of the difficult and ongoing market conditions seen in recent years.

Commentary on the Company's results is set out in the Results, dividends and key performance indicators section.

Principal risks and uncertainties

Operating in the UK's highly regulated waste management market presents numerous risks and uncertainties to the Group. In response, FCC E UK has appointed a Risk Committee that actively monitors the key risks that impact the Group including the compilation of a comprehensive risk register. The Directors regard the following to be the principal risks and uncertainties affecting the Group and their approach to managing these risks and uncertainties is considered below.

- **Health and safety:** Health and safety is a key issue for the Group due to the nature of its operations, including the use of heavy plant equipment and difficult working conditions. The Group is continually improving in this area as a result of ongoing consultation with the relevant authorities and the monitoring of best practice initiatives. Whenever an area is highlighted for improvement, the Group seeks to implement such improvement expeditiously, through bulletins, on-line training courses and tool-box briefings. The Group's Incident Review Panel meets quarterly, at which senior management review significant health and safety incidents that have occurred at FCC E UK sites to identify improvements and lessons for the business. All employees undertake a rigorous health and safety training programme, which is underpinned by the latest UK legislation, detailed policies and procedures. The Group's executive management receive regular, detailed reports on health and safety performance affecting the Group's operations and it employs a dedicated team, led by the Group Health, Safety, Environment and Quality Manager, to monitor and promote high standards. All employees are expected to recognise their role in achieving acceptable standards of health and safety and to exhibit such understanding through their approach and attitude to work.
- **Environmental risks:** The Group's operations are tightly controlled under environmental legislation enforced principally by the Environment Agency ("EA") and the Scottish Environment Protection Agency ("SEPA"). Compliance with all environmental legislation pertinent to the Group's activities is a minimum requirement. A dedicated in-house team prepare regular reports on environmental compliance at the Group's sites for the Directors' review. The Group has adopted a formal environmental policy, which was last reviewed in 2012 and there are detailed environmental procedures to enable compliance with environmental legislation.

FCC Recycling (UK) Limited

Directors' report (continued)

Principal risks and uncertainties (continued)

- **Business continuity:** The Group, as part of its risk management programme, has developed business continuity planning for its operations. As part of this planning the Group has developed a bespoke emergency plan for each operational facility (including the diversion of waste from single or multiple sites in the event of major disruption or disaster affecting a site or region). FCC E UK's IT systems are outsourced to a specialist IT services company and are covered by an IT disaster recovery plan, to ensure business continuity. The Group is working on the development of a new business continuity plan under the control of FCC E UK's Integrated Management System that will be designed around the British Standard 25999.
- **Legislation:** The Group monitors forthcoming and current legislation to ensure full compliance and to anticipate and assess the impact upon its operations, including the significant opportunities it can present. The waste management industry is subject to extensive government regulation which has a substantial impact on the Group's business, FCC E UK therefore actively lobbies for its interests at European, national and regional levels through trade associations and federations.
- **Litigation:** The Group is subject to litigation from time to time. The outcome of legal action is always uncertain and there is a risk that it may prove more costly and time consuming than expected. There is also a risk that litigation could be instigated in the future that could materially impact the Group. In some liability cases legal expenses are covered by the Group's liability insurance. This risk is mitigated through continued monitoring and employing an experienced and dedicated in-house legal team.
- **Competitive risk:** The Group operates in highly competitive markets in which competitors' service offerings may react faster to legislative and market dynamics than those of the Group. To mitigate this risk the Group ensures that its asset, cost and capital base is regularly reviewed and flexed to meet changes in customers' demands and to maximise cash generation.
- **Employees:** The loss of key employees or the inability to hire experienced management personnel could have a materially adverse effect on the business. To manage this risk, succession planning for senior positions within the Group is undertaken. In addition, the Group has the benefit of being able to draw on wider resources from within FCC.
- **Technology:** The Group relies on a variety of information technology platforms for the efficient delivery of its services and has therefore employed a structured IT Support team, using internal and external resources. In addition, there are a wide variety of technologies available to the waste management industry, there is a risk that the technologies employed by the Group might fail to deliver expected performance levels or end products for its customers and so FCC E UK has made a significant investment into establishing a dedicated technical and development team. This team review and assess the available technologies before any are adopted to ensure they will meet the needs of the business and that of its customers.

Financial risk management

The Company is exposed to financial risk through its financial assets and liabilities. The most important components of financial risk are interest rate risk, credit risk and liquidity risk all of which the Directors consider relevant due to the nature of the Company's activities and the assets contained within the Company's balance sheet.

FCC Recycling (UK) Limited

Directors' report (continued)

Liquidity and credit risk

The Company's exposure to credit and liquidity risk is reduced as it is a wholly owned subsidiary of FCC E UK and participates in a cash-pooling agreement with the other members of the Group. Credit risk arises from the risk of having credit exposures to customers, including outstanding receivables. The Company reviews the credit ratings of all significant customers regularly and continues to monitor the quality of debtor balances on an ongoing basis. Liquidity risk is the risk that the Company does not have sufficient cash resources to meet its commitments. The Company prepares and reviews cash flow forecasts frequently to ensure that it has sufficient resources to meet its cash flow commitments.

Interest rate risk

The Company's exposure to changes in market interest rates arises primarily from the Company's revolving bank credit facility. The risk is mitigated due to the short term nature of the obligation.

Results, dividends and key performance indicators

The results for the year ended 31 December 2012 are set out on page 10. The profit for the financial year ended 31 December 2012 amounted to £1.0million (2011: £4.1million). The Company did not pay an interim dividend during the year (2011: £nil) and furthermore, the Directors do not recommend the payment of a final dividend (2011: £nil). The profit for the financial year has been transferred to (2011: transferred to) reserves, resulting in a corresponding increase (2011: increase) in total shareholders' funds in the year.

For the year ended 31 December 2012, turnover from continuing activities increased by 20.0% to £72.5million (2011: £60.4million). This reflects a reduction in overall landfill turnover mitigated by increased turnover from the Company's varied recycling facilities, most notably its Collections and Soils activities. Landfill revenues continue to be impacted by the increasing diversion of tonnages away from landfill, offset by the £8 per tonne increase in the landfill tax rate in the year.

Operating profit in 2012 was £3.7million (2011: £7.2million). The result reflects the trends highlighted above together with the impact of landfill provision reviews and settlement of contractual obligations reported in note 3.

FCC E UK manages its operations on a divisional basis and information regarding key performance indicators is included within the FCC E UK annual report. For this reason, the Company's Directors believe that the disclosure of further key performance indicators for the Company is not appropriate for an understanding of the development, performance or position of the business.

Future trends and developments

As much reported, economic conditions during 2012 remained very difficult with the UK experiencing a double dip recession during the year. With demand depressed, prices for recycled materials continued to fall throughout 2012 and no significant improvement is anticipated during 2013. The Directors continue to monitor business trends, and to manage the Group's assets and cost structure in line with the evolving needs of the business and its customers.

Going concern

The Directors, having assessed the responses of their enquiries to the immediate parent company FCC E UK, have reviewed projected cash flows and continue to adopt the going concern basis in preparing the Directors' report and financial statements. Full details of the going concern considerations can be found in note 1 of the notes to the financial statements.

Directors

The following individuals served as Directors of the Company during the year ended 31 December 2012 and up to the date of this report:

P Taylor
V F Orts-Llopis
A Serrano Minchan
C J Ellis

FCC Recycling (UK) Limited

Directors' report (continued)

Directors' indemnities

During the financial year, qualifying third party indemnity provisions for the benefit of all Directors of the Company were in force and continue to be in force at the date of this report. Such provisions were made by FCC.

Employees

The professionalism and commitment shown by the Group's employees over the last year has been a major contribution to its successful operation. The Directors would like to thank all employees for their hard work, dedication and loyalty during what has been another challenging and eventful year.

FCC E UK is committed to ensuring that its policies and practices reflect human resource best practice. The Group's policy of equal opportunity gives all employees the same chance to succeed, irrespective of age, race, nationality, ethnic origin, disability, membership of a trade union, sex or marital status. The Group has a structured training and development programme and is fully committed to ensuring that all employees have the necessary skills and knowledge to do their jobs effectively. Subject to the nature of its businesses in the waste management industry, the policy of the Group is to ensure that there are fair opportunities for the employment, career development and training of disabled persons.

The Directors are dedicated to maintaining the highest standards of honesty, openness and accountability and recognise that employees have an important part to play in achieving this goal. All employees are encouraged to report any concerns they may have over wrongdoing at work via the Group's internal reporting system. In addition, FCC E UK has engaged an independent confidential reporting (whistleblowing) service that employees can access should they feel uncomfortable in approaching management. Following implementation of the UK's Bribery Act, the Group has provided training to all employees regarding the procedures and practices in place within our business to prevent bribery and has issued an Anti-Fraud and Bribery Policy to which all employees must adhere.

Training continues to be a high priority for FCC E UK and it recognises that it is vital that its employees have the relevant skills to take up the new and exciting roles that are being created as the industry, and therefore the business, evolves.

The Directors recognise the importance of communication with employees and members of the executive management team regularly visit sites and discuss matters of current interest and concern to the business with staff. In addition, the executive management regularly report on the Group's successes and performance to the entire Group via a monthly brief delivered by local management and announcements on the Group Intranet. An in-house magazine is also published on a regular basis.

Charitable and political donations

The Company made charitable donations amounting to £108 during the year ended 31 December 2012 (2011: £651). In addition, employees of the Company have organised various fund raising events to support local and national charities. No political donations were made during the year ended 31 December 2012 (2011: £nil).

Disclosure of information to the auditor

The Directors who held office at the date of approval of this Directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditor is unaware, and each Director has taken all the steps that he ought to have taken as a Director to make himself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of section 418 of the Companies Act 2006 ("the Act").

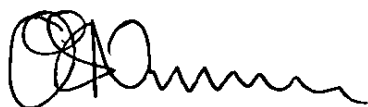
FCC Recycling (UK) Limited

Directors' report (continued)

Auditor

Pursuant to section 487 of the Act, the auditor will be deemed to be reappointed annually by the Company and Deloitte LLP will therefore continue in office until further notice

Approved by the Board of Directors
and signed on its behalf by

A handwritten signature in black ink, appearing to be 'C Nunn', with a stylized, wavy line extending from the end.

C Nunn
Company Secretary

15 May 2013

FCC Recycling (UK) Limited

Directors' responsibilities statement

The Directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). 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 judgements and 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 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.

Under applicable law and regulations, the Directors are also responsible for preparing a Directors' Report that complies with that law and those regulations.

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 may differ from legislation in other jurisdictions.

Independent auditor's report to the members of FCC Recycling (UK) Limited

We have audited the financial statements of FCC Recycling (UK) Limited for the year ended 31 December 2012, which comprise of the profit and loss account, the balance sheet, the note of historical cost profits and losses and the related notes 1 to 23. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditor

As explained more fully in the Directors' responsibilities statement, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the Company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the Directors, and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implication of our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2012 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.

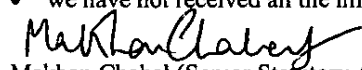
Opinion on matters prescribed by the Companies Act 2006

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

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.



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

15 May 2013

FCC Recycling (UK) Limited

Profit and loss account Year ended 31 December 2012

	Notes	2012 £'000	2011 £'000
Turnover	2	72,473	60,401
Cost of sales		(65,957)	(50,250)
Gross profit		6,516	10,151
Administrative expenses		(2,792)	(2,966)
Operating profit		3,724	7,185
Net interest payable	5	(2,707)	(3,105)
Profit on ordinary activities before taxation	3	1,017	4,080
Tax on profit on ordinary activities	6	-	-
Profit for the financial year	17	1,017	4,080

All results in the year ended 31 December 2012 relate to continuing operations

There are no recognised gains and losses in either the financial year ended 31 December 2012 or the previous financial year other than as stated in the profit and loss account. Therefore, no separate statement of total recognised gains and losses has been presented.

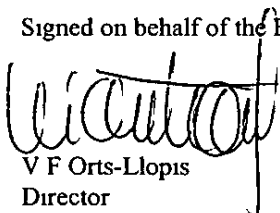
FCC Recycling (UK) Limited

Balance sheet at 31 December 2012

	Notes	2012 £'000	2011 £'000
Fixed assets			
Intangible assets	8	1,770	1,661
Tangible assets	9	36,749	31,684
Investments	10	7,132	7,132
		<u>45,651</u>	<u>40,477</u>
Current assets			
Debtors amounts due within one year	11	416,195	361,481
Debtors amounts due after more than one year	12	106,452	106,453
		<u>522,647</u>	<u>467,934</u>
Total debtors		522,647	467,934
Cash at bank and in hand		3,886	10,508
		<u>526,533</u>	<u>478,442</u>
Creditors: amounts falling due within one year	13	<u>(519,005)</u>	<u>(468,715)</u>
Net current assets		<u>7,528</u>	<u>9,727</u>
Total assets less current liabilities		<u>53,179</u>	<u>50,204</u>
Creditors: amounts falling due after more than one year	14	<u>(1,843)</u>	<u>(603)</u>
Provisions for liabilities	15	<u>(17,439)</u>	<u>(16,721)</u>
Net assets		<u>33,897</u>	<u>32,880</u>
Capital and reserves			
Called up share capital	16	20,872	20,872
Revaluation reserve	17	229	264
Profit and loss account	17	12,796	11,744
		<u>33,897</u>	<u>32,880</u>
Shareholders' funds	18	<u>33,897</u>	<u>32,880</u>

The financial statements of FCC Recycling (UK) Limited, registered number 02674166 were approved by the Board of Directors on 15 May 2013

Signed on behalf of the Board of Directors


V F Orts-Llopis
Director

FCC Recycling (UK) Limited

Note of historical cost profits and losses Year ended 31 December 2012

	2012 £'000	2011 £'000
Profit on ordinary activities before taxation	1,017	4,080
Difference between historical cost depreciation charge and the actual depreciation charge calculated on the revalued amounts	35	35
Historical cost profit on ordinary activities before taxation	1,052	4,115
Historical cost profit for the year retained after taxation and dividends	1,052	4,115

FCC Recycling (UK) Limited

Notes to the financial statements **Year ended 31 December 2012**

1. Accounting policies

These financial statements are prepared in accordance with applicable United Kingdom accounting standards

The following accounting policies have been applied consistently in both the current and previous financial year in dealing with items which are considered material in relation to the financial statements

Accounting convention

The financial statements are prepared under the historical cost convention as modified by the revaluation of freehold and leasehold properties

Going concern

The Directors, having assessed the responses of their enquiries to the immediate parent company, FCC E UK (and consequently FCC), have reviewed projected cash flows and continue to adopt the going concern basis in preparing the Directors' report and financial statements, despite the current uncertain economic outlook

Cash flow exemption

The Company has taken advantage of the exemption, conferred by Financial Reporting Standard 1 (Revised) from presenting a cash flow statement as it is a wholly owned subsidiary of a group which has prepared a consolidated cash flow statement

Goodwill

Purchased goodwill, representing the excess of purchase price over the fair value of the assets acquired, is capitalised and is being written off on a straight-line basis over its estimated useful life up to a maximum of 20 years. The Directors regard 20 years as a reasonable maximum for the estimated useful life of goodwill

Consolidation

The Company has claimed exemption from the preparation of consolidated financial statements under section 400 of the Companies Act 2006 as it is a subsidiary of a group which has prepared consolidated financial statements. Accordingly, these financial statements present information about the Company and not the Group, of which it is part

Tangible fixed assets

Tangible fixed assets are stated at cost. Depreciation is provided on tangible fixed assets in use at rates calculated to write off the cost less residual value of each asset as follows

Freehold buildings	- over 25 to 50 years
Freehold landfill sites, leasehold properties and licence agreements	- based on the void used in the period as a proportion of total void
Leased assets	- over the term of the lease
Plant and machinery	- over 3 to 20 years
Motor vehicles	- over 4 years

No depreciation is provided for on freehold land

Expenditure on freehold landfill sites and leasehold properties includes engineering costs. Elements of these costs are classified according to their expected economic life and depreciated accordingly in proportion to the rate that waste is deposited. All other assets are depreciated on a straight-line basis

On adoption of FRS 15, the transitional provisions were applied and therefore previous valuations will be maintained

FCC Recycling (UK) Limited

Notes to the financial statements Year ended 31 December 2012

1. Accounting policies (continued)

Investments

Investments are stated at cost less provision for any impairment

Post retirement benefits

The Group operates a pension scheme providing benefits based on final pensionable pay. The assets of the scheme are held separately from those of the Company. The Company is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis and therefore, as required by FRS 17 'Retirement Benefits', accounts for the scheme as if it were a defined contribution scheme. As a result, the amount charged to the profit and loss account represents the contributions payable to the scheme in respect of the accounting period.

The Group also operates a defined contribution scheme on behalf of its eligible employees. Contributions to the scheme are charged to the profit and loss account for the year in which they are payable. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments in the balance sheet.

Decommissioning and aftercare costs

Full provision has been made for the net present value ("NPV") of the Company's minimum unavoidable costs, in respect of decommissioning liabilities at the Company's landfill sites, which has been capitalised in fixed assets. The Company continues to provide for all aftercare costs over the life of its landfill sites, based on the volumes of waste deposited in the year, since liabilities in relation to these costs increase as waste is deposited.

All long-term provisions for decommissioning and aftercare costs are calculated based on the NPV of estimated future costs. Current cost estimates are inflated at 2.5 per cent and discounted at 5 per cent to calculate the NPV. The effects of the unwinding of the discount element on existing provisions are reflected as a financial item.

Turnover

Turnover is stated net of value added tax and trade discounts. Turnover from the supply of services represents the value of services provided under contracts to the extent that there is a right to consideration and is recorded at the value of the consideration due. Turnover is recognised in respect of waste disposal services when the waste has been received and disposed of. Where payments are received from customers in advance of services provided, the amounts are recorded as deferred income and included as part of creditors due within one year.

Leases

Operating lease rentals are charged to the profit and loss account on a straight-line basis over the lease term.

Assets held under finance leases, which confer rights and obligations similar to those attached to owned assets, are capitalised as tangible fixed assets and are depreciated over the shorter of the lease terms and their useful lives. The capital elements of future lease obligations are recorded as liabilities, while the interest elements are charged to the profit and loss account over the period of the leases to produce a constant rate of charge on the balance of capital repayments outstanding.

Foreign currencies

Foreign currency trading transactions are translated at the rates of exchange prevailing at the date of the transactions. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are reported at the rates of exchange prevailing at that date.

Exchange gains and losses are recognised in the profit and loss account.

FCC Recycling (UK) Limited

Notes to the financial statements Year ended 31 December 2012

1. Accounting policies (continued)

Taxation

Current tax, including UK corporation tax and foreign tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the Group's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements

A net deferred tax asset is regarded as recoverable and therefore recognised only to the extent that, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted

Deferred tax is not recognised when fixed assets are revalued unless by the balance sheet date there is a binding agreement to sell the revalued assets and the gain or loss expected to arise on sale has been recognised in the financial statements. Neither is deferred tax recognised when fixed assets are sold and it is more likely than not that the taxable gain will be rolled over, being charged to tax only if and when the replacement assets are sold

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax is measured on a non-discounted basis

2. Turnover

All turnover was generated in the United Kingdom from the handling, recycling and disposal of waste materials

FCC Recycling (UK) Limited

Notes to the financial statements Year ended 31 December 2012

3 Profit on ordinary activities before taxation

	2012 £'000	2011 £'000
Profit on ordinary activities before taxation is after charging/(crediting) items:		
Amortisation of goodwill	203	99
Depreciation of tangible fixed assets - owned	6,206	6,470
Depreciation of tangible fixed assets - held under finance leases	225	4
Profit on disposal of fixed assets	(78)	(54)
Increase in environmental provisions on revision of estimate of future costs (included within provisions charge)	706	877
Settlement of contractual obligations	-	(3,175)
Operating lease rentals – hired plant and machinery	1,160	1,261
Operating lease rentals – other	272	153
Fees payable to the Company's auditor for the audit of the Company's annual accounts	5	5
Fees payable to the Company's auditor and its associates for other services to the Company - Other services	18	30

Non-audit fees totalling £18,000 were paid to the Company's auditor, Deloitte LLP during the year under review (2011 £30,000) in relation to other services

In 2012, the Company paid audit fees relating to the statutory audit of financial statements of £195,000 on behalf of other fellow subsidiaries of FCC E UK (2011 £180,000) Of this amount, the fees that related to the Company were £5,000 (2011 £5,000)

4. Information regarding Directors and employees

None of the Directors received any remuneration or other benefits through the Company during the year ended 31 December 2012 or the previous financial year

They are all remunerated as Directors or employees of FCC E UK for services to the Group as a whole and as such it is not possible to directly attribute any element of their remuneration to services as a director of this company

	2012 £'000	2011 £'000
Wages and salaries	17,921	19,859
Social security costs	2,135	1,993
Other pension costs	1,304	1,176
	21,360	23,028
	No.	No
The average number of employees (excluding Directors) during the year was	665	636

FCC Recycling (UK) Limited

Notes to the financial statements Year ended 31 December 2012

5. Net interest payable

	2012 £'000	2011 £'000
Interest receivable and similar income		
Deposit interest receivable	43	69
Group loan interest receivable	644	649
Foreign exchange gain	37	-
	<u>724</u>	<u>718</u>
Interest payable and similar charges		
Bank interest payable	(1,112)	(901)
Unwinding of discount (note 15)	(490)	(483)
Other finance costs	(1,666)	(2,367)
Finance lease interest	(163)	(46)
Foreign exchange loss	-	(26)
	<u>(3,431)</u>	<u>(3,823)</u>
Net interest payable	<u>(2,707)</u>	<u>(3,105)</u>

6. Tax on profit on ordinary activities

	2012 £'000	2011 £'000
UK corporation tax		
United Kingdom corporation tax at 24.5% (2011: 26.5%) based on profits for the year	-	-
Deferred tax		
Timing differences, origination and reversal	-	-
Tax on profit on ordinary activities	<u>-</u>	<u>-</u>

FCC Recycling (UK) Limited

Notes to the financial statements Year ended 31 December 2012

6. Tax on profit on ordinary activities (continued)

The total current tax result for the year differs from the average standard rate of 24.5% (2011: 26.5%) for the reasons set out in the following reconciliation

	2012 £'000	2011 £'000
Profit on ordinary activities before taxation	1,019	4,080
Tax on profit on ordinary activities at average standard rate	250	1,081
Factors affecting charge		
Non-taxable items	(39)	135
Group relief claimed	(204)	(20)
Depreciation in excess of capital allowances	435	306
Movement in general provisions	(370)	(1,042)
Site preparation relief	(122)	(486)
Amortisation of goodwill	50	26
Total current tax result	-	-

A number of changes to the UK Corporation Tax system were announced in the March 2012 Budget Statement. The Finance Act 2012 enacted on 17 July 2012 included legislation to reduce the main rate of corporation tax from 26% to 24% from 1 April 2012 and a further reduction from 24% to 23% from 1 April 2013.

A further 2% reduction to the main rate to 21% from 1 April 2014 was announced in the Chancellor's 2012 Autumn statement which was reaffirmed in the 2013 Budget together with the announcement of a further 1% reduction to 20% from 1 April 2015. As these changes have not been substantively enacted at the balance sheet date they are not included in these financial statements.

FCC Recycling (UK) Limited

Notes to the financial statements Year ended 31 December 2012

7 Business acquisitions

On 1 January 2012, the Company acquired the commercial and industrial collections businesses from its UK based sister companies FCC Environment Services (UK) Limited and Telford & Wrekin Services Limited. The Company has accounted for the transactions in accordance with FRS 6 'Acquisitions and mergers' and FRS 7 'Fair values in acquisition accounting'.

	Fair value £'000
Identifiable assets and liabilities acquired	
Tangible fixed assets	439
Goodwill	312
Trade and other debtors	153
Trade and other creditors	(319)
	<u>585</u>
Consideration	
Cash	<u>585</u>

8. Intangible fixed assets

	Goodwill £'000
Cost	
At 1 January 2012	1,984
Additions (note 7)	312
	<u>2,296</u>
At 31 December 2012	
Amortisation	
At 1 January 2012	323
Charge for the year	203
	<u>526</u>
At 31 December 2012	
Net book value	
At 31 December 2012	<u>1,770</u>
At 31 December 2011	<u>1,661</u>

FCC Recycling (UK) Limited

Notes to the financial statements Year ended 31 December 2012

9. Tangible fixed assets

	Landfill sites £'000	Other freehold property £'000	Plant and machinery £'000	Motor vehicles £'000	Total £'000
Cost and valuation					
At 1 January 2012	60,266	16,047	44,543	124	120,980
Additions	2,293	3,306	6,148	-	11,747
Disposals	-	(52)	(481)	-	(533)
Transfers between group companies/reclassifications	-	(42)	(21)	-	(63)
At 31 December 2012	62,559	19,259	50,189	124	132,131
Depreciation					
At 1 January 2012	52,490	6,471	30,211	124	89,296
Charge for the year	2,689	439	3,303	-	6,431
Disposals	-	(13)	(269)	-	(282)
Transfers between group companies/reclassifications	-	(42)	(21)	-	(63)
At 31 December 2012	55,179	6,855	33,224	124	95,382
Net book value					
At 31 December 2012	7,380	12,404	16,965	-	36,749
At 31 December 2011	7,776	9,576	14,332	-	31,684

The net book value of plant and machinery includes £2,849,000 (2011 £981,000) in respect of assets held under finance leases

For freehold and leasehold landfill sites the historic cost equivalent is as follows

	2012 £'000	2011 £'000
Cost	56,367	54,074
Accumulated depreciation	(48,132)	(45,478)
Net book value	8,235	8,596

Freehold and leasehold properties were valued at Directors' valuation on 27 January 1999. On adoption of FRS 15 the transitional provisions were applied therefore the previous valuation will be maintained.

FCC Recycling (UK) Limited

Notes to the financial statements Year ended 31 December 2012

10. Investments

	£'000
Cost	
At 1 January and 31 December 2012	7,735
Provision	
At 1 January and 31 December 2012	(603)
Net book value	
As at 31 December 2012 and 31 December 2011	7,132

The Company owns the entire issued ordinary share capital of the following companies

Name	Country of incorporation	Nature of business
WasteNotts (Reclamation) Limited	England and Wales	Waste disposal and power generation
T Shooter Limited	England and Wales	Waste recycling and disposal
Hykeham O&M Services Limited	England and Wales	Dormant

11. Debtors: amounts due within one year

	2012 £'000	2011 £'000
Trade debtors	79,692	78,142
Amounts due from fellow subsidiary undertakings	335,129	276,052
Other debtors	198	6,680
Prepayments and accrued income	1,176	607
	<u>416,195</u>	<u>361,481</u>

12. Debtors: amounts due after more than one year

	2012 £'000	2011 £'000
Amounts due from fellow subsidiary undertakings	102,766	102,121
Amounts prepaid to fellow subsidiary undertaking	3,686	4,332
	<u>106,452</u>	<u>106,453</u>

FCC Recycling (UK) Limited

Notes to the financial statements Year ended 31 December 2012

13. Creditors: amounts falling due within one year

	2012 £'000	2011 £'000
Bank loans	35,000	-
Obligations under finance leases	539	134
Trade creditors	30,459	25,381
Amounts owed to fellow subsidiary undertakings	353,274	324,678
Other taxation and social security	76,563	74,006
Corporation tax payable	9,432	9,807
Other creditors	5,706	20,575
Accruals	8,032	14,134
	<u>519,005</u>	<u>468,715</u>

Included in other creditors are amounts received by the Company in relation to claims, which are being evaluated by the Directors and the management of the Group to determine the amount that might be finally settled. Further disclosures have not been provided in accordance with FRS 12 Para 97.

14. Creditors: amounts falling due after more than one year

	2012 £'000	2011 £'000
Obligations under finance leases	<u>1,843</u>	<u>603</u>

Obligations under finance leases are secured by related assets

	2012 £'000	2011 £'000
Obligations under finance leases:		
Split between due in		
One to two years	579	316
Two to five years	1,264	287
	<u>1,843</u>	<u>603</u>
Included within creditors' amounts falling due within one year (note 13)	539	134
	<u>2,382</u>	<u>737</u>

FCC Recycling (UK) Limited

Notes to the financial statements Year ended 31 December 2012

15. Provisions for liabilities

Other provisions

	Other £'000	Decomm- issioning £'000	Landfill aftercare £'000	Total £'000
At 1 January 2012	4,105	4,332	8,284	16,721
Charged/(credited) to profit and loss account	1,762	(77)	1,163	2,848
New provisions capitalised in tangible fixed assets	536	622	-	1,158
Unwinding of discount (note 5)	3	62	425	490
Expended in year	(2,648)	(908)	(222)	(3,778)
At 31 December 2012	3,758	4,031	9,650	17,439

The Group provides for the estimated cost of decommissioning its landfill sites at the end of their operational life and for their subsequent aftercare. The aftercare period is generally expected to be 60 years and expenditure will be incurred throughout this 60 year period. These provisions are discounted at a rate of 5% from the date on which the expenditure is expected to occur. These provisions by their nature require a significant degree of estimation and hence there is a degree of uncertainty with regards to the timing and amount of outflows of economic benefit.

Other provisions include the estimated cost of discharging environmental liabilities, including current capping of open landfill areas and the disposal of leachate, which arise during the operational phase of its landfill sites. Capping expenditure occurs as landfill cells are completed, whilst expenditure on the disposal of leachate occurs throughout the lifecycle of a landfill site.

Deferred taxation

	Provided		Unprovided	
	2012 £'000	2011 £'000	2012 £'000	2011 £'000
Depreciation in excess of capital allowances	(216)	(44)	(198)	(627)
Short term timing differences	216	44	-	(2,178)
	-	-	-	(2,805)

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

FCC Recycling (UK) Limited

Notes to the financial statements Year ended 31 December 2012

16. Called up share capital

	2012 £'000	2011 £'000
Authorised		
21,000,000 ordinary shares of £1 each	21,000	21,000
10,000,000 preferred shares of \$0.001 each	7	7
	<u>21,007</u>	<u>21,007</u>
Called up, allotted and fully paid		
20,866,791 ordinary shares of £1 each	20,867	20,867
7,723,200 preferred shares of \$0.001 each	5	5
	<u>20,872</u>	<u>20,872</u>

The various rights attaching to the different classifications of shares are as follows

Voting rights

Each preferred share confers the right to 100 votes on a show of hands or a poll. Ordinary shares carry the right to one vote each per share.

Rights to receive distributions

The preferred shares carry the right to 99% of any dividend in priority to any other class of shares. The ordinary shareholders therefore share the remaining 1% of any dividend in proportion to the nominal value of their shares.

Rights in the event of a winding up

In the event of a winding up of the Company or repayment of capital, the preferred shares carry the right to 99% of any assets available for distribution in priority to any other class of shares. The ordinary shareholders would then be entitled to the remaining 1% available for distribution.

17. Reserves

	Revaluation reserve £'000	Profit and loss account £'000	Total £'000
At 1 January 2012	264	11,744	12,008
Transfer from revaluation reserve	(35)	35	-
Profit for the financial year	-	1,017	1,017
At 31 December 2012	<u>229</u>	<u>12,796</u>	<u>13,025</u>

FCC Recycling (UK) Limited

Notes to the financial statements Year ended 31 December 2012

18 Reconciliation of movements in shareholders' funds

	2012 £'000	2011 £'000
Profit for the financial year	1,017	4,080
Net addition to shareholders' funds	1,017	4,080
Opening shareholders' funds	32,880	28,800
Closing shareholders' funds	33,897	32,880

19. Operating lease commitments

At 31 December, the Company had annual commitments under non-cancellable operating leases as follows

	Land and buildings		Plant and machinery	
	2012 £'000	2011 £'000	2012 £'000	2011 £'000
Which expire				
Within one year	97	76	13	48
In two to five years	212	200	446	249
After five years	300	54	-	-
	609	330	459	297

FCC Recycling (UK) Limited

Notes to the financial statements Year ended 31 December 2012

20. Pension contributions

The Company participates in the defined contribution scheme operated by FCC E UK on behalf of its eligible employees. The assets of the scheme are held separately from those of the Company in independently administered funds.

Certain employees of the Company are members of the Citrus Pension Scheme (formerly LAWDC) in which FCC E UK is a participating employer. This is a defined benefit multi-employer scheme, the assets of which are held independently of the Group. The Company is unable to identify its share of the underlying assets and liabilities of the scheme. Further details regarding the scheme are provided in the financial statements of FCC E UK.

Contributions to the scheme for the period are stated below and the agreed contribution rate which commenced from 1 July 2010 is fixed at £30,000 per month. In addition, FCC E UK has agreed with the scheme trustee to pay an additional annual contribution of £740,000 until 2025 to meet the ongoing funding of the scheme.

An actuarial valuation of the scheme at 31 March 2009 indicated that the scheme was 61% funded based upon the minimum funding requirement basis. At 31 December 2012 the deficit on the FCC E UK section of the Citrus scheme, calculated on an FRS 17 basis, was £4,848,000 (2011: £6,032,000). There were no outstanding or prepaid contributions at either the beginning or end of the financial year.

The contributions made by the Company under the different schemes during the year were as follows:

	2012 £'000	2011 £'000
Defined contribution schemes	1,182	971
Citrus defined benefit multi-employer pension scheme	122	205
	<u>1,304</u>	<u>1,176</u>

The following disclosures relate to the Group defined benefit scheme and have been taken from the FCC E UK accounts which have been prepared under IFRS.

Certain employees of the Group are members of the Citrus (formerly LAWDC) funded defined benefit pension scheme in which the Group is a participating employer. The year end liability is as follows:

	2012 £'000	2011 £'000
Present value of funded defined benefit obligations	(38,170)	(36,652)
Fair value of plan assets	<u>33,322</u>	<u>30,620</u>
Benefit liability	<u>(4,848)</u>	<u>(6,032)</u>

FCC Recycling (UK) Limited

Notes to the financial statements Year ended 31 December 2012

20. Pension contributions (continued)

Movements in the fair value of plan assets are as follows

	2012 £'000	2011 £'000
At 1 January	30,620	30,890
Expected return on plan assets	1,721	1,967
Actuarial gains/(losses)	808	(2,506)
Contributions by employer	1,369	1,289
Contributions by members	19	39
Benefits paid	(1,215)	(1,059)
At 31 December	<u>33,322</u>	<u>30,620</u>

Movements in the present value of the defined benefit obligation are as follows

	2012 £'000	2011 £'000
At 1 January	36,652	35,227
Current service cost	434	524
Interest cost	1,711	1,891
Contributions by members	19	39
Past service cost	180	89
Actuarial losses/(gains)	389	(59)
Benefits paid	(1,215)	(1,059)
At 31 December	<u>38,170</u>	<u>36,652</u>

Expense recognised in the consolidated income statement

	2012 £'000	2011 £'000
Current service cost	434	524
Past service cost	180	89
Interest on defined benefit obligations	1,711	1,891
Expected return on pension scheme assets	(1,721)	(1,967)
Net benefit expenses	<u>604</u>	<u>537</u>

FCC Recycling (UK) Limited

Notes to the financial statements Year ended 31 December 2012

20. Pension contributions (continued)

The expense is recognised in the following line items in the consolidated income statement

	2012 £'000	2011 £'000
Cost of sales	483	358
Administrative expenses	131	255
Finance costs	1,711	1,891
Finance income	(1,721)	(1,967)
Net benefit expense	<u>604</u>	<u>537</u>

Amount recognised in the consolidated statement of comprehensive income and expense

	2012 £'000	2011 £'000
Actual return less expected return on assets	808	(2,506)
Changes in assumptions	(389)	59
Actuarial gain/(loss)	<u>419</u>	<u>(2,447)</u>

At 31 December 2012, the cumulative amount of actuarial losses recognised in the statement of comprehensive income and expense since 2005 (the earliest date at which figures prepared under IFRS are available) was £5,526,000 (2011 £5,945,000)

The fair value of the plan assets and the return on those assets were as follows

	2012	2012 £'000	2011	2011 £'000
Equities	70%	23,325	70%	21,434
Corporate bonds	30%	9,997	30%	9,186
		<u>33,322</u>		<u>30,620</u>
Actual return on plan assets		<u>2,529</u>		<u>(539)</u>

FCC Recycling (UK) Limited

Notes to the financial statements Year ended 31 December 2012

20. Pension contributions (continued)

The principal assumptions used in determining pension and post-employment benefit obligations for the Group's plans are shown below

	2012	2011
Weighted average assumptions used to determine benefit obligations:		
Discount rate	4.50%	4.70%
Rate of inflation (RPI)	3.10%	3.00%
Rate of inflation (CPI)	2.40%	2.30%
Weighted average assumptions used to determine net pension cost:		
Discount rate	4.70%	5.40%
Expected long-term return on plan assets	5.60%	6.34%
Rate of inflation (RPI)	3.00%	3.50%

The expected rate of return on plan assets is based on market expectations at the beginning of the period, for investment returns over the entire life of the related obligation

The life expectancy assumed in the calculations is based on the SAPS(YOB) table +1 0/+2 0 years for non-manual/manual members respectively (2011 SAPS(YOB) table +1 0/+2 0) Life expectancy assumptions for members from age 65 are set out below

	2012		2011	
	Non-manual	Manual	Non-manual	Manual
Male member aged 45 from age 65	23.3 years	22.4 years	22.4 years	21.6 years
Retired male member aged 65	21.5 years	20.7 years	21.0 years	20.2 years

Employer contributions to the Citrus (formerly LAWDC) scheme in 2013 are expected to be £1,200,000

History of plan

	2012 £'000	2011 £'000	2010 £'000	2009 £'000	2008 £'000
Present value of defined benefit obligations	(38,170)	(36,652)	(35,227)	(32,145)	(25,195)
Fair value of plan assets	33,322	30,620	30,890	28,118	23,344
Deficit	(4,848)	(6,032)	(4,337)	(4,027)	(1,851)

Experience adjustments

	2012	2011	2010	2009	2008
Experience adjustments on plan liabilities	(5)%	-	-	(2)%	-
Experience adjustments on plan assets	2%	(8)%	5%	10%	(32)%

FCC Recycling (UK) Limited

Notes to the financial statements Year ended 31 December 2012

21. Contingent liabilities

- (a) The Company is a member of a group VAT registration and as such has contingent liabilities for VAT in respect of other members of the Group
- (b) On 21 December 2006, the Company was a party to the refinancing of Azincourt Investment S L ("Azincourt") and its subsidiary companies. Azincourt was the company used by Fomento de Construcciones y Contratas, S A for the acquisition of the Group and its subsidiary undertakings including the Company. Under the re-financing the Company acceded to the Facility Agreement as obligor and granted security by way of a fixed charge over the shares of the Company and all related distribution rights and a floating charge over its present and future business, undertaking and assets. The Company also agreed to advance funds to Azincourt under the Group's cash pooling arrangements for the purposes of, among other things, the repayment of principal, interest or other amounts under the Facility Agreement, or the payment of any other costs or expenses incurred by Azincourt directly or indirectly in connection with its acquisition of the Group. The Company also entered into a floating charge over all its present and future rights, title and interest to the cash pooling account and all amounts credited to it in its favour.
- (c) On 27 September 2006, the Company together with several other Group companies, entered into a Letter of Credit Facility with The Royal Bank of Scotland plc, allowing it to have performance bonds and letters of credit issued on its behalf necessary for the business of the Company. At 31 December 2012 bonds and letters of credit to the value of £1.7million (2011: £1.1million) were in issue in respect of the Company under this facility.
- (d) The Group must comply with the Environment Agency's financial provisioning requirements for its landfill sites in England and Wales, which is satisfied by providing financial security bonds totalling £100.8million (2011: £96.7million). The value of the bonds issued in the Company's name for this financial provisioning requirement at 31 December 2012 was £8.7million (2011: £9.5million). However, the Company is an indemnifying party to the other Group bonds and as such has contingent liabilities for environmental provisions in respect of other members of the Group.

22. Related party transactions

The Directors regard all subsidiaries of FCC as related parties. In the ordinary course of business, the Company has traded with fellow subsidiaries of FCC.

The Company has taken advantage of the exemption conferred by FRS 8 from disclosing details of those transactions with other wholly owned subsidiaries of FCC.

23. Ultimate parent company

The immediate parent of the Company is FCC Environment (UK) Limited, a company registered in England and Wales.

The Directors regard Fomento de Construcciones y Contratas, S A, a company registered in Spain, as the ultimate parent company and Esther Koplowitz Romero de Juseu to be the ultimate controlling party.

Fomento de Construcciones y Contratas, S A is the parent company of the largest group of which the Company is a member and for which group accounts are drawn up. FCC Environment (UK) Limited is the parent company of the smallest group of which the Company is a member and for which group accounts are drawn up. Copies of the financial statements of both FCC Environment (UK) Limited and Fomento de Construcciones y Contratas, S A are available from the Company Secretary, Ground Floor West, 900 Pavilion Drive, Northampton Business Park, Northampton, NN4 7RG.