

Registered number: 03497105

SUEZ Recycling and Recovery Kirklees Ltd
(Formerly SITA (Kirklees) Limited)

Annual report and financial statements

For the Year Ended 31 December 2015

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SUEZ Recycling and Recovery Kirklees Ltd

Company Information

Directors	F Duval (appointed 1 February 2016) D Palmer-Jones M Gordon J Scanlon G Mayson T Otley S Hall (appointed 1 April 2015) M Watson (appointed 1 April 2015)
Company secretary	M H Thompson
Registered number	03497105
Registered office	SUEZ House Grenfell Road Maidenhead Berkshire SL6 1ES
Independent auditor	Mazars LLP Tower Bridge House St Katharine's Way London E1W 1DD

SUEZ Recycling and Recovery Kirklees Ltd

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SUEZ Recycling and Recovery Kirklees Ltd

Strategic Report For the Year Ended 31 December 2015

Business review

The company's key financial performance indicators during the year were as follows:

	2015	2014	
	£000	£000	Change
Turnover	17,937	18,892	-5%
Operating (loss)/profit	(2,282)	1,309	-274%
(Loss)/profit after tax	(1,111)	1,681	-166%
Shareholders' funds - equity	2,970	3,719	-20%
Current assets as a % of current liabilities	142%	156%	

The reduction in turnover in the year has largely been driven by a reduction in recyclable income. On top of this the increase in haulage costs, direct labour costs and disposal costs has resulted in the company recognising both a gross and operating loss for the year.

Shareholders' funds have decreased due to loss made for the year.

Principal risks and uncertainties

The 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.

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.

SUEZ Recycling and Recovery Kirklees Ltd

Strategic report (continued)

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.

This report was approved by the board on 29 June 2016 and signed on its behalf.


F Duval
Director

SUEZ Recycling and Recovery Kirklees Ltd

Directors' Report For the Year Ended 31 December 2015

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

With effect from 14 March 2016, the name of the Company was changed from SITA (Kirklees) Limited to SUEZ Recycling and Recovery Kirklees Limited.

Principal activity

The company is engaged in the waste management business encompassing waste disposal collection and ancillary services.

The company operates as part of the Energy division of the SUEZ Recycling and Recovery Holdings UK Limited Group ("SUEZ R&R UK Group"), the United Kingdom recycling and recovery business of SUEZ Environnement SAS.

Results and dividends

The loss for the year, after taxation, amounted to £1,111 thousand (2014 - profit £1,681 thousand).

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

Directors

The directors who served during the year were:

C Chapron (resigned 1 March 2016)
D Palmer-Jones
M Gordon
J Scanlon
G Mayson
T Otley
C Smith (resigned 1 April 2015)
C Scott (resigned 1 April 2015)
A Brice (resigned 1 April 2015)
S Hall (appointed 1 April 2015)
M Watson (appointed 1 April 2015)

Future developments

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

SUEZ Recycling and Recovery Kirklees Ltd

Directors' Report For the Year Ended 31 December 2015

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 2015 the SUEZ R&R UK Group:

- Recycled and recovered 3,358,616 tonnes of the material we handled;
- Generated over 1,100,000 megawatt hours of electricity from our landfill gas and energy-from-waste facilities;
- 60,000 tonnes of compost produced;
- Only a 1% increase in Greenhouse Gas (GHG) emissions from vehicles on the previous year;
- Electricity produced increased by 46% from non-hazardous waste incineration;
- There has been a 12% decrease of waste disposed in non-hazardous waste landfills (includes municipal, I&C, Sludge and other inputs, excludes inert);
- There has been no variation in the amount of fuel used for collection vehicles;
- Waste prepared for Energy Recovery as Solid Recovered Fuels (SRF) produced from wood has increased by 29%;
- SUEZ Recycling and Recovery UK (formerly SITA UK), were recertified to the Carbon Trust Standard in 2014. This certified that SITA UK had shown a 32.7% Absolute reduction in tCO₂e based on the compliance period of 1 January 2012 to 31 December 2013. This certification corresponds to the footprint of all UK operations and is valid until 31 July 2016. SITA UK have been certified with the standard since 1 January 2010 and have committed to recertify in 2016.

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.

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.

SUEZ Recycling and Recovery Kirklees Ltd

Directors' Report For the Year Ended 31 December 2015 Directors' responsibilities statement

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

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

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

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

Disclosure of information to auditor

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

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

Post balance sheet events

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

Auditors

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

This report was approved by the board on 29 June 2016 and signed on its behalf.



F Duval
Director

SUEZ Recycling and Recovery Kirklees Ltd

Independent Auditor's Report to the Members of SUEZ Recycling and Recovery Kirklees Ltd

We have audited the financial statements of SUEZ Recycling and Recovery Kirklees Ltd for the year ended 31 December 2015, which comprises the Statement of comprehensive income, the Statement of financial position, Statement of changes in equity and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) including Financial Reporting Standard 101 'Reduced Disclosure Framework'.

Respective responsibilities of directors and auditors

As explained more fully in the Directors' responsibilities statement set out on page 3, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

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

Scope of the audit of the financial statement

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

Opinion on financial statements

In our opinion the financial statements:

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

Opinion on other matter prescribed by the Companies Act 2006

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

SUEZ Recycling and Recovery Kirklees Ltd

Independent Auditor's Report to the Members of SUEZ Recycling and Recovery Kirklees Ltd

Matters on which we are required to report by exception

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

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



Jonathan Seaman (Senior Statutory Auditor)

for and on behalf of
Mazars LLP

Chartered Accountants and Statutory Auditor

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

Date: 30 June 2016

SUEZ Recycling and Recovery Kirklees Ltd

**Statement of Comprehensive Income
For the Year Ended 31 December 2015**

	Note	2015 £000	2014 £000
Turnover	4	17,937	18,892
Cost of sales		(18,681)	(16,114)
Gross (loss)/profit		(744)	2,778
Administrative expenses		(1,538)	(1,469)
Operating (loss)/profit		(2,282)	1,309
Interest receivable and similar income	8	1,832	1,953
Interest payable and similar charges	9	(1,009)	(981)
(Loss)/profit on ordinary activities before taxation		(1,459)	2,281
Taxation credit/(charge) on (loss)/profit on ordinary activities	10	348	(600)
(Loss)/profit for the financial year		(1,111)	1,681
Other comprehensive income:			
Items that will be reclassified to profit and loss			
Gains arising during the year		477	341
Tax relating to items that will be reclassified		(115)	(68)
		362	273
Total comprehensive (loss)/income for the year		(749)	1,954

All (loss)/profit and total comprehensive (loss)/income for the year is attributable to continuing operations.

SUEZ Recycling and Recovery Kirklees Ltd
Registered number:03497105

Statement of Financial Position
As at 31 December 2015

	Note	2015 £000	2014 £000
Fixed assets			
Tangible assets	11	<u>4</u>	<u>81</u>
		4	81
Current assets			
Stocks	12	1,088	1,042
Debtors: Amounts falling due after more than one year	13	23,768	26,089
Debtors: Amounts falling due within one year	13	5,789	4,210
Cash at bank and in hand	14	<u>30,437</u>	<u>25,300</u>
		61,082	56,641
Creditors: Amounts falling due within one year	15	<u>(43,165)</u>	<u>(34,804)</u>
Net current assets		<u>17,917</u>	<u>21,837</u>
Total assets less current liabilities		<u>17,921</u>	<u>21,918</u>
Creditors: Amounts falling due after more than one year	16	<u>(9,588)</u>	<u>(12,776)</u>
		8,333	9,142
Provisions for liabilities			
Deferred taxation		(1,419)	(1,649)
Other provisions	20	<u>(3,944)</u>	<u>(3,774)</u>
		(5,363)	(5,423)
Net assets		<u><u>2,970</u></u>	<u><u>3,719</u></u>

SUEZ Recycling and Recovery Kirklees Ltd
Registered number:03497105

Statement of Financial Position (continued)
As at 31 December 2015

	Note	2015 £000	2014 £000
Capital and reserves			
Called up share capital	22	8,839	8,839
Hedging reserves	21	(768)	(1,130)
Profit and loss account	21	(5,101)	(3,990)
Shareholders' funds - equity		2,970	3,719

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 29 June 2016.



F Duval
Director

The notes on pages 12 to 32 form part of these financial statements.

SUEZ Recycling and Recovery Kirklees Ltd

**Statement of Changes in Equity
For the Year Ended 31 December 2015**

	Share capital £000	Hedging reserves £000	Retained earnings £000	Total equity £000
At 1 January 2015	8,839	(1,130)	(3,990)	3,719
Comprehensive income for the year				
Loss for the year	-	-	(1,111)	(1,111)
Actuarial gains on pension scheme	-	-	-	-
Other comprehensive income	-	477	-	477
Deferred tax on other comprehensive income	-	(115)	-	(115)
Other comprehensive income for the year	-	362	-	362
Total comprehensive income for the year	-	362	(1,111)	(749)
Total transactions with owners	-	-	-	-
At 31 December 2015	8,839	(768)	(5,101)	2,970

**Statement of Changes in Equity
For the Year Ended 31 December 2014**

	Share capital £000	Hedging reserves £000	Retained earnings £000	Total equity £000
At 1 January 2014 (as previously stated)	8,839	-	(5,671)	3,168
Change in accounting framework (see note 29)	-	(1,403)	-	(1,403)
At 1 January 2014 (as restated)	8,839	(1,403)	(5,671)	1,765
Comprehensive income for the year				
Profit for the year	-	-	1,681	1,681
Other comprehensive income	-	341	-	341
Deferred tax on other comprehensive income	-	(68)	-	(68)
Other comprehensive income for the year	-	273	-	273
Total comprehensive income for the year	-	273	1,681	1,954
Total transactions with owners	-	-	-	-
At 31 December 2014	8,839	(1,130)	(3,990)	3,719

The notes on pages 12 to 32 form part of these financial statements.

SUEZ Recycling and Recovery Kirklees Ltd

Notes to the Financial Statements For the Year Ended 31 December 2015

1. General Information

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

With effect from 14 March 2016, the name of the Company was changed from SITA (Kirklees) Limited to SUEZ Recycling and Recovery Kirklees Limited.

The principal activities of the Company are waste management encompassing waste disposal collection and ancillary services.

The Company's intermediate parent company is SHUKCO 327 Limited, incorporated and registered in the United Kingdom, which owns 100% of the Company ordinary share capital. The ultimate parent company is SUEZ Environnement SAS, 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 Environnement SAS. The consolidated financial statements of SUEZ may be obtained from Tour CB21, 16 Place de L'Iris, 92040 Paris La Defense Cedex, France.

The financial statements have been presented in Pounds Sterling as this is the functional currency of the Company and all values are rounded to the nearest thousand pounds (£000) except when otherwise indicated.

2. Accounting policies

2.1 Basis of preparation of financial statements

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

These financial statements have been prepared under the historical costs convention except for the following assets and liabilities which are stated at their fair value: derivative financial instruments.

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

First time application of FRS 100 and FRS 101

In the current year the Group has adopted FRS 100 and FRS 101. In previous years the financial statements were prepared in accordance with applicable UK accounting standards.

This change in the basis of preparation has materially altered the recognition and measurement requirements previously applied in accordance with UK GAAP. An explanation of the impact of the adoption of FRS 100 and FRS 101 for the first time is included in the note 29.

There have been no other material amendments to the disclosure requirements previously applied in accordance with UK GAAP.

The following principal accounting policies have been applied:

**Notes to the Financial Statements
For the Year Ended 31 December 2015**

2. Accounting policies (continued)

2.2 Financial reporting standard 101 - reduced disclosure exemptions

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

- the requirements of IFRS 7 Financial Instruments: Disclosures
- the requirements of paragraphs 91-99 of IFRS 13 Fair Value Measurement
 - paragraph 79(a)(iv) of IAS 1;
 - paragraph 73(e) of IAS 16 Property, Plant and Equipment;
 - 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 paragraphs 134(d)-134(f) and 135(c)-135(e) of IAS 36 Impairment of Assets.
- the requirements of paragraphs 6 to 21 of IFRS 1 First-time adoption of International Financial Reporting Standards, to present an opening statement of financial position at the date of transition.

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

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

SUEZ Recycling and Recovery Kirklees Ltd

Notes to the Financial Statements For the Year Ended 31 December 2015

2. Accounting policies (continued)

2.3 Going Concern

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

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

2.4 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before revenue is recognised:

Rendering of services

Revenue from a contract to provide services is recognised in the period in which the services are provided in accordance with the stage of completion of the contract when all of the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the Company will receive the consideration due under the contract;
- the stage of completion of the contract at the end of the reporting period can be measured reliably, and;
- the costs incurred and the costs to complete the contract can be measured reliably.

2.5 Tangible fixed assets

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

The Company adds to the carrying amount of an item of fixed assets the cost of replacing part of such an item when that cost is incurred, if the replacement part is expected to provide incremental future benefits to the Company. The carrying amount of the replaced part is derecognised. Repairs and maintenance are charged to profit or loss during the period in which they are incurred.

SUEZ Recycling and Recovery Kirklees Ltd

Notes to the Financial Statements For the Year Ended 31 December 2015

2. Accounting policies (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. The estimated useful lives range as follows:

The estimated useful lives range as follows:

Motor vehicles	-	3 - 12 years, straight line
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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 within 'other operating income' in the statement of comprehensive income.

2.6 Stocks

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

2.7 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

**Notes to the Financial Statements
For the Year Ended 31 December 2015**

2. Accounting policies (continued)

2.8 Financial instruments

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

Financial assets

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

Loans and receivables

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

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

Financial liabilities

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

At amortised cost

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

2.9 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.

**Notes to the Financial Statements
For the Year Ended 31 December 2015**

2. Accounting policies (continued)

2.10 Hedge accounting

The Company has entered into variable to fixed rate interest swaps to manage its exposure to interest rate cash flow risk on its variable rate debt. These derivatives are measured at fair value at each reporting date. To the extent the hedge is effective, movements in fair value are recognised in other comprehensive income and presented in a separate cash flow hedge reserve. Any ineffective portions of those movements are recognised in profit or loss for the period.

2.11 Finance costs

Finance costs are charged to the Income Statement 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.

2.12 Pensions

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

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 March 2011 and 5 April 2013. These are scheme 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.

**Notes to the Financial Statements
For the Year Ended 31 December 2015**

2. Accounting policies (continued)

2.13 Service concession financial asset

In accordance with IFRIC 12 and the various provisions of IFRS, the Company has determined the appropriate treatment of the principal assets of, and income streams from, PFI and similar contracts. Results of all service concessions which fall within the scope of IFRIC12 conform to the following policies depending on the rights to consideration under the service concessions:

Service concessions treated as financial assets

The Company recognises a financial asset arising from a service concession arrangement when it has an unconditional contractual right to receive cash or another financial asset from, or at the direction of, the grantor for the construction or upgrade services provided.

Revenue is recognised by allocating a proportion of total cash receivable to construction income and service income. The consideration received will be allocated by reference to the relative fair value of the services delivered, when the amounts are separately identifiable.

During the operational stage, cash received in respect of the service concessions is allocated to service and maintenance revenue based on its fair value, with the remainder being allocated between capital repayment and interest income using the effective interest method.

The financial assets are held as loans or receivables in accordance with IAS39: 'Financial instruments: Recognition and measurement'. Financial Assets are recognised initially at fair value. Subsequent to initial recognition, they are measured at amortised cost using the effective interest method less any impairment losses.

The Company has entered into a contract to provide waste management services on behalf of Kirklees Metropolitan Council. The Company is contractually obliged to design, build and operate waste facilities, including household waste recycling centres, materials recycling centres, civic amenity sites, transfer stations and an Energy from Waste plant on behalf of Kirklees Metropolitan Council, and has the right to use these facilities to provide waste management services. The grantor (Kirklees Metropolitan Council) has agreed to provide a minimum guaranteed tonnage of waste to the facility and will pay a fixed price per tonne for this level of waste, with any further tonnage being subject to a different rate. The Company in return, will remove and treat the waste and is obliged to maintain the facilities under lifecycle clauses within the contract.

The Company has the right to both accept and process third party waste, and to generate electricity revenues at the waste facilities.

There are provisions in the contract for termination (and related compensation) in the event of default or voluntary termination by the operator or grantor. There is provision in the contract for an extension of the contract period. The contract specifies that the waste management facilities are to be returned to Kirklees Metropolitan Council at the end of the contract in an appropriate condition.

The service arrangement has been classified as a financial asset under IFRIC 12 due to the highly guaranteed nature of the expected revenues from the contract, which are expected to cover the fair value of the construction services.

2.14 Interest income

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

**Notes to the Financial Statements
For the Year Ended 31 December 2015**

2. Accounting policies (continued)

2.15 Borrowing costs

All borrowing costs are recognised in the Income Statement in the year in which they are incurred.

2.16 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 2.9% (2014 - 2.90%) and discounted by 4.53% (2014 - 4.53%). 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.

**Notes to the Financial Statements
For the Year Ended 31 December 2015**

2. Accounting policies (continued)

2.17 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 income tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

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

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

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

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

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

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

SUEZ Recycling and Recovery Kirklees Ltd

Notes to the Financial Statements For the Year Ended 31 December 2015

4. Analysis of turnover

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

	2015 £000	2014 £000
Rendering of services	17,937	18,892
	<u>17,937</u>	<u>18,892</u>

Analysis of turnover by country of destination:

	2015 £000	2014 £000
United Kingdom	17,937	18,892
	<u>17,937</u>	<u>18,892</u>

5. Operating (loss)/profit

The operating (loss)/profit is stated after charging:

	2015 £000	2014 £000
Depreciation of tangible fixed assets	94	128
Operating lease rentals: leasehold properties	10	6
Cost of stocks recognised as an expense	991	666
	<u>1,095</u>	<u>800</u>

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

6. Auditors' remuneration

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

The company has taken advantage of the exemption not to disclose amounts paid for non audit services as these are disclosed in the Group accounts of the parent company.

SUEZ Recycling and Recovery Kirklees Ltd

Notes to the Financial Statements For the Year Ended 31 December 2015

7. Employees

Staff costs were as follows:

	2015	2014
	£000	£000
Wages and salaries	3,659	3,402
Social security costs	388	367
Pension costs	393	347
	4,440	4,116

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

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

	2015	2014
	No.	No.
Direct operatives	115	113
Management and administration	6	6
	121	119

8. Interest receivable

	2015	2014
	£000	£000
Interest on service concession financial asset	1,832	1,953
	1,832	1,953

9. Interest payable and similar charges

	2015	2014
	£000	£000
Bank interest payable	691	811
Unwinding of discount on provisions	123	19
Loans from group undertakings	195	151
	1,009	981

SUEZ Recycling and Recovery Kirklees Ltd

**Notes to the Financial Statements
For the Year Ended 31 December 2015**

10. Taxation

	2015 £000	2014 £000
UK corporation tax		
Current tax on (loss)/profits for the year	(28)	499
Adjustments in respect of previous periods	25	-
Total current tax	<u>(3)</u>	<u>499</u>
Deferred tax		
Origination and reversal of timing differences	(321)	101
Adjustments in respect of prior periods	(24)	-
Total deferred tax	<u>(345)</u>	<u>101</u>
Taxation on (loss)/profit on ordinary activities	<u>(348)</u>	<u>600</u>

Factors affecting tax charge for the year

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

	2015 £000	2014 £000
(Loss)/profit on ordinary activities before tax	(1,459)	2,280
(Loss)/profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 20.25% (2014 - 21.5%)	(295)	490
Effects of:		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	121	118
Adjustments to tax charge in respect of prior periods	1	-
Changes in taxation rate	(175)	(8)
Total tax (credit)/charge for the year	<u>(348)</u>	<u>600</u>

SUEZ Recycling and Recovery Kirklees Ltd

Notes to the Financial Statements For the Year Ended 31 December 2015

10. Taxation (continued)

Factors that may affect future tax charges

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

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

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

11. Tangible fixed assets

	Motor vehicles £000
Cost	
At 1 January 2015	1,112
Transfers intra Group	170
At 31 December 2015	1,282
Depreciation	
At 1 January 2015	1,031
Charge for the period	94
Transfers intra Group	153
At 31 December 2015	1,278
At 31 December 2015	4
<i>At 31 December 2014</i>	<i>81</i>

12. Stocks

	2015 £000	2014 £000
Spare parts	1,088	1,042
	1,088	1,042

In the year ended 31 December 2015 £508,000 (2014: £112,000) was the amount of inventory recognised as an expense. £nil has been written down in the year (2014: £nil).

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

SUEZ Recycling and Recovery Kirklees Ltd

Notes to the Financial Statements For the Year Ended 31 December 2015

13. Debtors

	2015 £000	2014 £000
Due after more than one year		
Service concession financial asset	23,768	26,089
	23,768	26,089
	2015 £000	2014 £000
Due within one year		
Trade debtors	5	-
Other debtors	478	447
Prepayments and accrued income	2,986	1,676
Service concession financial asset	2,320	2,087
	5,789	4,210

14. Cash and cash equivalents

	2015 £000	2014 £000
Cash at bank and in hand	30,437	25,300
	30,437	25,300

15. Creditors: Amounts falling due within one year

	2015 £000	2014 £000
Bank loans	2,712	2,570
Trade creditors	248	305
Amounts owed to Group undertakings	39,624	30,566
Corporation tax	-	499
Taxation and social security	89	97
Accruals and deferred income	492	767
	43,165	34,804

SUEZ Recycling and Recovery Kirklees Ltd

Notes to the Financial Statements For the Year Ended 31 December 2015

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

	2015 £000	2014 £000
Bank loans	8,653	11,364
Derivative Financial instruments	935	1,412
	<u>9,588</u>	<u>12,776</u>

Secured loans

The long-term bank loan bears interest in part at a fixed rate of between 6.40% and 6.80%, and the remainder at a variable rate of LIBOR plus 0.75%. The loan is secured by fixed and floating charges on the assets of the company.

17. Loans

Analysis of the maturity of loans is given below:

	2015 £000	2014 £000
Amounts falling due within one year		
Bank loans	2,712	2,570
	<u>2,712</u>	<u>2,570</u>
Amounts falling due 1-2 years		
Bank loans	2,615	2,712
	<u>2,615</u>	<u>2,712</u>
Amounts falling due 2-5 years		
Bank loans	6,038	7,959
	<u>6,038</u>	<u>7,959</u>
Amounts falling due after more than 5 years		
Bank loans	-	693
	<u>-</u>	<u>693</u>

SUEZ Recycling and Recovery Kirklees Ltd

Notes to the Financial Statements For the Year Ended 31 December 2015

18. Financial instruments

	2015 £000	2014 £000
Financial assets		
Service concession financial asset	26,088	28,176
Financial assets that are debt instruments measured at amortised cost	483	447
Financial liabilities		
Financial liabilities measured at amortised cost	51,636	45,470
Derivative financial instruments designed as hedges of variable interest rate risk	935	1,412

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

Financial Liabilities measured at amortised cost are made up mainly of bank loans and amounts owed to Group companies.

Derivative financial instruments designated as hedges of variable interest rate risk comprise of interest rate swaps.

The fair value of interest rate swaps at the reporting date is determined by discounting the future cash flows using observable market data, including the interest rate curves at the reporting date and the credit risk inherent in the contract.

19. Deferred taxation

	Deferred tax £000
At 1 January 2015	1,649
Charged to the profit or loss	(345)
Charged to other comprehensive income	115
At 31 December 2015	1,419

The following are the major deferred tax liabilities and assets recognised and movement thereon during the current period:

	2015 £000	2014 £000
Accelerated capital allowances	2,287	2,668
Lease premiums	(45)	(57)
Provisions	(655)	(679)
Hedge Reserve	(168)	(283)
	1,419	1,649

SUEZ Recycling and Recovery Kirklees Ltd

Notes to the Financial Statements For the Year Ended 31 December 2015

Deferred taxation (continued)

	1 January 2015 £000	Recognised in income £000	Recognised in equity £000	31 December 2015 £000
Accelerated capital allowances	2,668	(381)	-	2,287
Lease premiums	(57)	12	-	(45)
Provisions	(679)	24	-	(655)
On fair value of cash flow hedges	(283)	-	115	(168)
	<u>1,649</u>	<u>(345)</u>	<u>115</u>	<u>1,419</u>

20. Provisions

	Environment al and landfill costs £000	Maintenance provisions £000	Total £000
At 31 December 2015	470	3,304	3,774
Additions	(19)	617	598
Unwind of discount	19	104	123
Utilised in year	(11)	(540)	(551)
At 31 December 2015	<u>459</u>	<u>3,485</u>	<u>3,944</u>

Environmental and landfill costs

The provision for environmental and landfill costs has been calculated in accordance with the accounting policy set out in note 2.16. The closure costs will be incurred prior to and during the closure of the company's landfill sites, whilst the post closure provision will be utilised over the 30 years thereafter.

Maintenance provisions

Provision has been made for the costs of maintaining and replacing assets as required under the terms of the contract with KMC. The directors expect that this provision will be utilised over the next ten years.

21. Reserves

Hedging Reserve

Hedging reserves relate to the use of Hedge Accounting as detailed in accounting policy 2.10.

Profit & loss account

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

SUEZ Recycling and Recovery Kirklees Ltd

Notes to the Financial Statements For the Year Ended 31 December 2015

22. Share capital

	2015 £000	2014 £000
Allotted, called up and fully paid		
19 "A" ordinary shares of £0.01 each	-	-
81 "B" ordinary shares of £0.01 each	-	-
8,839,377 ordinary shares of £1 each	8,839	8,839
	<hr/>	<hr/>
	8,839	8,839
	<hr/>	<hr/>

The "A" and "B" ordinary shares entitle holders to one vote per share, but are not entitled to dividends. Voting rights for "A" shares cannot be used to remove a director appointed by "B" shareholders and vice versa. On winding up, "A" and "B" ordinary shares have priority over ordinary shares for repayment of capital. The ordinary shares do not entitle holders to vote or attend general meetings, but shareholders are entitled to dividends.

23. Derivative Financial Instruments

Under the terms of the interest rate swap contracts, the Company has agreed to exchange the differences between the fixed and floating rate interest rate amounts calculated on agreed notional principal amounts. Such contracts enable the Company to mitigate the risk of changing interest rates on the cash flow exposures on the issued variable rate debt held. The fair value of interest rate swaps at the reporting date is determined by discounting the future cash flows using observable market data, including the interest-rate curves at the reporting date and the credit risk inherent in the contract.

The fair value of the interest rate swap at 31 December 2015 is £(935,000) (2014 - £(1,412,000)). The notional value of the amount hedged at 31 December 2015 is £7,984,000 (2014 - £9,492,000). The contract fixed interest rate is between 6.40% and 6.80%.

24. Contingent liabilities

The company has contingent liabilities under performance bonds and guarantees issued in the normal course of business amounting to £710,000 (2014 - £710,000).

25. Pension commitments

The company operates a defined contributions pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension cost charge represents contributions payable by the company to the fund and amounted to £113,000 (2014 - £111,000).

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 March 2011 and 5 April 2013. These are schemes under common control, the assets and liabilities of which are held separately from the Group.

There is no contractual arrangement or policy for charging the net benefit costs between the entities who participate in the scheme. The company has therefore recorded the contributions paid to the scheme as a charge to the income statement. Pension contributions are determined with the advice of independent qualified actuaries. The levels of contributions are based on the current service costs and the expected future cash flows of the defined benefit scheme.

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 R&R Holdings UK Limited, at 31st December 2015 is £1,287,000 (2014: £3,621,000).

SUEZ Recycling and Recovery Kirklees Ltd

Notes to the Financial Statements For the Year Ended 31 December 2015

25. Pension commitments (continued)

The pension cost charge represents contributions payable by the company to the funds and amounted to £280,000 (2014 - £236,000). It is not anticipated that future pension cost charges in SUEZ R&R Kirklees Limited will increase significantly because of the net liability in the Group pension schemes. The total amount expected to be contributed by the SUEZ R&R Holdings UK Limited Group to the schemes in 2015 is £3,289,000 (2015 contributions - £3,031,000).

26. Commitments under operating leases

At 31 December 2015 the Company had annual commitments under non-cancellable operating leases as follows:

	2015 £000	2014 £000
Not later than 1 year	14	12
Later than 1 year and not later than 5 years	54	50
Later than 5 years	32	42
Total	100	104

The commitments under operating leases relate to leasehold properties occupied by the company.

27. Related party transactions

During the year ended 31 December 2015, the company made sales of £4,657,000 to SUEZ Recycling and Recovery UK Limited (2014: £4,346,000). The company also made purchases of £5,142,000 from SUEZ Recycling and Recovery UK Limited (2014: £3,639,000). At 31 December 2015, SUEZ Recycling and Recovery Kirklees Limited had an intercompany creditor of £39,624,000 (2014: £30,566,000) owed to SUEZ R&R UK Group companies. The company incurred interest on the intercompany payable balance during the year ended 31 December 2015 of £195,000 (2014: £151,000).

SUEZ Recycling and Recovery Kirklees Limited made sales of £13,590,000 to Kirklees Metropolitan Council during the year ended 31 December 2015 (2014 - £15,246,000). At 31 December 2015, SUEZ Recycling and Recovery Kirklees Limited was owed £103,000 by Kirklees Metropolitan Council (2014 - £1,428,000).

28. Controlling party

In the opinion of the directors, the company's ultimate parent company and ultimate controlling party is SUEZ Environnement SAS, a company incorporated in France. The parent undertaking of the largest Group, which includes the company and for which Group accounts are prepared, is SUEZ Environnement SAS, 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 Environnement SAS 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.

SUEZ Recycling and Recovery Kirklees Ltd

Notes to the Financial Statements For the Year Ended 31 December 2015

29. First time adoption of FRS 101

	As previously stated 1 January 2014 £000	Effect of transition 1 January 2014 £000	FRS 101 (as restated) 1 January 2014 £000	As previously stated 31 December 2014 £000	Effect of transition 31 December 2014 £000	FRS 101 (as restated) 31 December 2014 £000
Note						
Fixed assets	177	-	177	81	-	81
Current assets	55,303	-	55,303	56,641	-	56,641
Creditors: amounts falling due within one year	(31,974)	-	(31,974)	(34,804)	-	(34,804)
Net current assets	23,329	-	23,329	21,837	-	21,837
Total assets less current liabilities	23,506	-	23,506	21,918	-	21,918
Creditors: amounts falling due after more than one year	1 (13,935)	(1,753)	(15,688)	(11,364)	(1,412)	(12,776)
Provisions for liabilities	1 (6,403)	351	(6,052)	(5,706)	283	(5,423)
Net assets	3,168	(1,402)	1,766	4,848	(1,129)	3,719
Capital and reserves	1 (3,168)	1,402	(1,766)	(4,848)	1,129	(3,719)

SUEZ Recycling and Recovery Kirklees Ltd

**Notes to the Financial Statements
For the Year Ended 31 December 2015**

29. First time adoption of FRS 101 (continued)

		As previously stated 31 December 2014 £000	Effect of transition 31 December 2014 £000	FRS 101 (as restated) 31 December 2014 £000
Turnover		18,892	-	18,892
Cost of sales		(16,114)	-	(16,114)
		<u>2,778</u>	<u>-</u>	<u>2,778</u>
Administrative expenses		(1,469)	-	(1,469)
		<u>1,309</u>	<u>-</u>	<u>1,309</u>
Operating profit				
Interest receivable and similar income		1,953	-	1,953
Interest payable and similar charges		(981)	-	(981)
Taxation		(600)	-	(600)
		<u>1,681</u>	<u>-</u>	<u>1,681</u>
Profit on ordinary activities after taxation and for the financial year				
Other comprehensive income:				
Gains arising during the year	1	-	341	341
Tax relating to items that will be reclassified	1	-	(68)	(68)
		<u>1,681</u>	<u>273</u>	<u>1,954</u>

Explanation of changes to previously reported profit and equity:

1 Following the adoption of FRS 101, derivative financial instruments are recognised at fair value and hedge accounting has been adopted as detailed in accounting policy 2.10. There was no such requirement under previous GAAP. Consequently, the FRS 101 financial statements recognise an asset or liability for the fair value of interest rate swaps and associated deferred tax liability or asset.

At 1 January 2014, the fair value of the interest rate swap was £(1,753,000). This has been recognised in other non current liabilities. A deferred tax asset of £351,000 is also recognised, within the total net deferred tax liability, at 1 January 2014 relating to the movement in fair value, see note 19. For the year ended 31 December 2014, gains arising on interest rate swaps, net of associated deferred tax, of £273,000 were recognised in other reserves.