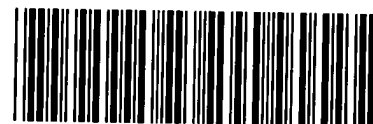


Company Registration No. 06544285 (England and Wales)

**SAFETYKLEEN GROUP SERVICES LIMITED**  
**ANNUAL REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2019**

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# SAFETYKLEEN GROUP SERVICES LIMITED

## COMPANY INFORMATION

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<b>Directors</b>	P Mauguy A Griffith A Firth
<b>Secretary</b>	A Firth
<b>Company number</b>	06544285
<b>Registered office</b>	Profile West 950 Great West Road Brentford Middlesex TW8 9ES
<b>Auditor</b>	PricewaterhouseCoopers LLP Chartered Accountants and Statutory Auditors The Portland Building 25 High Street Crawley West Sussex RH10 1BG

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# SAFETYKLEEN GROUP SERVICES LIMITED

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# **SAFETYKLEEN GROUP SERVICES LIMITED**

## **DIRECTORS' REPORT**

**FOR THE YEAR ENDED 31 DECEMBER 2019**

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

### **Going concern**

The directors are required to prepare the Group's financial statements on the going concern basis, unless it is inappropriate to presume that the Group will continue in business. In considering going concern, the directors have reviewed the Group's ability to service its existing debt from the viewpoint of liquidity and covenant compliance.

The Group continues to be financed by a combination of debt and equity funding, with total bank debt including interest payable of £498.1m (2018: £535.1m), preference shares including accrued interest of £294.8m (2018: £288.6m) and finance lease obligations of £38.4m (2018: £1.3m) at 31 December 2019. In addition, at 31 December 2019 the Group has undrawn committed revolving credit facilities of £60m (2018: £60.0m) and undrawn committed acquisition facilities of €20m. The Group does not have bank debt or preference share repayment obligations to meet within the next 12 months, and neither does it have financial covenants to meet, except where the revolving credit facility is more than 40% drawn, which is not the case at 31 December 2019.

The COVID 19 outbreak has a macro-economic impact on the industrial market that Safetykleen operates in. There has been a reduction in service levels since the start of the pandemic, as certain customers have closed fully or partially. However Safetykleen's branches have remained open throughout the period of COVID19 as Safetykleen's service in general is considered an essential business activity. The Directors have taken short term steps to increase liquidity, including drawing £20m of the revolving credit facilities and drawing £18m on the Group's B2 loan facility, and at the date of signing the accounts the Group has £60m cash. In addition the Group has £40m undrawn on its revolving credit facilities. The £60m revolving credit facilities are subject to a covenant that the Group must have a net debt to EBITDA ratio of less than 9.25x if the facility is more than 40% drawn (the ratio at 31 December 2019 was 5.8x). There are no other financial covenants on the Group's bank facilities. This liquidity has been compared to financial projections for the Group using reasonable assumptions, and an assessment made of the headroom to manage a downside scenario. With the current liquidity position of the Group, and the steps being taken in response to the COVID 19 pandemic, the Directors consider that it is appropriate to prepare the accounts on a Going Concern basis.

### **Directors**

The directors who held office during the year and up to the date of signature of the financial statements were as follows:

P Mauguy  
A Griffith  
A Firth

### **Results and dividends**

The results for the year are set out on page 7.

The Company's loss for the financial year is £18,813,000 (2018: £52,775,000 profit). The profit in the previous year was due to intercompany dividends received relating to a reorganisation project undertaken in 2018. The directors do not recommend the payment of a dividend (2018: £nil).

### **Directors' insurance**

The Group provided the Directors and Officers with liability insurance for the year. The insurance does not provide cover in the event that the director is provided to have acted fraudulently.

# **SAFETYKLEEN GROUP SERVICES LIMITED**

## **DIRECTORS' REPORT (CONTINUED)**

**FOR THE YEAR ENDED 31 DECEMBER 2019**

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### **Post reporting date events**

The COVID 19 outbreak has a macro-economic impact on the industrial market that Safetykleen operates in. Safetykleen's services are offered across a wide range of industrial segments. The impact was noted from the second half of March onwards where certain customers have been closed and Safetykleen has not been able to service all or some its machines on these customers' sites which are closed. However Safetykleen's branches have remained open throughout the period of COVID19 as Safetykleen's service in general is considered an essential business activity. In response to a reduced level of service activity, Safetykleen has taken immediate measures to reduce costs and preserve liquidity, this includes furloughing staff where applicable either full time, or part time depending on the local legislation and service requirements. In addition capital expenditure and discretionary costs have been reduced to the absolute minimum level. There has been little impact to date on the supply chain particularly for chemicals and alternative suppliers are available if necessary, including the Group's in-house solvent recycling facility OBC. To ensure that sufficient liquidity is available, the Group has drawn £20m on its revolving credit facilities, and £18m on its B2 loan facility. Including these drawings the Group now has £60m of cash at the date of signing the accounts, and the Directors consider that the Group has sufficient liquidity to prepare the accounts on a Going Concern basis.

### **Future developments**

The Company will continue in its role as an intermediate holding Company for the Safetykleen Group for the foreseeable future.

### **Independent auditors**

In accordance with the company's articles, a resolution proposing that PricewaterhouseCoopers LLP be reappointed as auditors of the company will be put at a General Meeting.

### **Statement of directors' responsibilities**

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;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 102, have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for 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.

### **Statement of disclosure to auditor**

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the company's auditor is unaware. Additionally, the directors individually have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the company's auditor is aware of that information.

# **SAFETYKLEEN GROUP SERVICES LIMITED**

## **DIRECTORS' REPORT (CONTINUED)**

***FOR THE YEAR ENDED 31 DECEMBER 2019***

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### **Financial risk management**

For information relating to the Group's financial risk management policy please refer to the consolidated financial statements of the ultimate parent company. The consolidated financial statements of Shilton Midco 2 Limited can be obtained from Companies House, Crown Way, Cardiff, Wales, CF14 3UZ.

### **Strategic report**

The company has taken advantage of section 414B of the Companies Act 2006 not to include a strategic report in these financial statements.

This report has been prepared in accordance with the special provisions relating to small companies with part 15 of the Companies Act of 2006.

On behalf of the board

  
A Griffith  
Director

27 April 2020

# **SAFETYKLEEN GROUP SERVICES LIMITED**

## **INDEPENDENT AUDITOR'S REPORT**

### **TO THE MEMBERS OF SAFETYKLEEN GROUP SERVICES LIMITED**

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## **Report on the audit of the financial statements**

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### **Opinion**

In our opinion, SafetyKleen Group Services Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2019 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report and Financial Statements (the "Annual Report"), which comprise: the balance sheet as at 31 December 2019; the profit and loss account, the statement of changes in equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

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### **Basis for opinion**

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

### **Independence**

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

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### **Conclusions relating to going concern**

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

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

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

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### **Reporting on other information**

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

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# **SAFETYKLEEN GROUP SERVICES LIMITED**

## **INDEPENDENT AUDITOR'S REPORT**

### **TO THE MEMBERS OF SAFETYKLEEN GROUP SERVICES LIMITED**

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#### **Reporting on other information (continued)**

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

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

Based on the responsibilities described above and our work undertaken in the course of the audit, ISAs (UK) require us also to report certain opinions and matters as described below.

#### ***Strategic Report and Directors' Report***

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic Report and Directors' Report for the year ended 31 December 2019 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic Report and Directors' Report.

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#### **Responsibilities for the financial statements and the audit**

##### ***Responsibilities of the directors for the financial statements***

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

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

##### ***Auditors' responsibilities for the audit of the financial statements***

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

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

##### ***Use of this report***

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



# **SAFETYKLEEN GROUP SERVICES LIMITED**

## **INDEPENDENT AUDITOR'S REPORT**

### **TO THE MEMBERS OF SAFETYKLEEN GROUP SERVICES LIMITED**

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#### **Other required reporting**

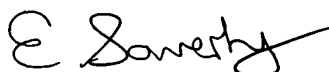
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##### **Companies Act 2006 exception reporting**

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

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

We have no exceptions to report arising from this responsibility.



Emma Sowerby (Senior Statutory Auditor)  
for and on behalf of PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
Gatwick  
28 April 2020

# SAFETYKLEEN GROUP SERVICES LIMITED

## PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31 DECEMBER 2019

		Year ended 31 December 2019 £'000	Year ended 31 December 2018 £'000
	Notes		
Administrative expenses		(7,949)	(7,546)
Other operating income	3	22,941	21,906
One off non-recurring items	4	(1,041)	(91,824)
<b>Operating profit/(loss)</b>	5	<b>13,951</b>	<b>(77,464)</b>
Interest receivable and similar income	8	6,530	168,181
Interest payable and similar expenses	9	(39,163)	(37,821)
<b>(Loss)/profit before taxation</b>		<b>(18,682)</b>	<b>52,896</b>
Tax on (loss)/profit	10	(131)	(121)
<b>(Loss)/profit for the financial year</b>		<b>(18,813)</b>	<b>52,775</b>

There are no recognised gains or losses other than those passing through the profit and loss account. Consequently a statement of comprehensive income has not been prepared.

The notes on pages 10 to 27 form an integral part of these financial statements.

# SAFETYKLEEN GROUP SERVICES LIMITED

## BALANCE SHEET

AS AT 31 DECEMBER 2019

	Notes	2019 £'000	2018 £'000
<b>Fixed assets</b>			
Intangible assets	11	3,812	3,719
Tangible assets	12	139	205
Investments	13	319,939	319,939
		<u>323,890</u>	<u>323,863</u>
<b>Current assets</b>			
Debtors	15	34,127	189,581
Cash at bank and in hand		874	592
		<u>35,001</u>	<u>190,173</u>
<b>Creditors: amounts falling due within one year</b>	16	(583,984)	(720,365)
<b>Net current liabilities</b>		<u>(548,983)</u>	<u>(530,192)</u>
<b>Total assets less current liabilities</b>		<u>(225,093)</u>	<u>(206,329)</u>
<b>Creditors: amounts falling due after more than one year</b>	17	(23)	-
<b>Provisions for liabilities</b>		<u>(26)</u>	<u>-</u>
<b>Net liabilities</b>		<u>(225,142)</u>	<u>(206,329)</u>
<b>Capital and reserves</b>			
Called up share capital	18	10,000	10,000
Profit and loss account		(235,142)	(216,329)
<b>Total equity</b>		<u>(225,142)</u>	<u>(206,329)</u>

The notes on pages 10 to 27 form an integral part of these financial statements.

These financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime.

The financial statements were approved by the board of directors and authorised for issue on 27 April 2020 and are signed on its behalf by:

  
A Griffith  
Director

Company Registration No. 06544285

# SAFETYKLEEN GROUP SERVICES LIMITED

## STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2019

	Share capital £'000	Profit and loss reserves £'000	Total £'000
Balance at 1 January 2018	10,000	(269,104)	(259,104)
Year ended 31 December 2018:			
Profit for the financial year	-	52,775	52,775
Balance at 31 December 2018	10,000	(216,329)	(206,329)
Year ended 31 December 2019:			
Loss for the financial year	-	(18,813)	(18,813)
Balance at 31 December 2019	10,000	(235,142)	(225,142)

# SAFETYKLEEN GROUP SERVICES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2019

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### 1 Accounting policies

#### Company information

Safetykleen Group Services Limited is a private company limited by shares incorporated in England and Wales. The registered office is Profile West, 950 Great West Road, Brentford, Middlesex, TW8 9ES.

#### 1.1 Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £'000.

The financial statements have been prepared under the historical cost convention. The principal accounting policies adopted are set out below.

This company is a qualifying entity for the purposes of FRS 102, being a member of a group where the parent of that group prepares publicly available consolidated financial statements, including this company, which are intended to give a true and fair view of the assets, liabilities, financial position and profit or loss of the group. The company has therefore taken advantage of exemptions from the following disclosure requirements:

- Section 7 'Statement of Cash Flows': Presentation of a statement of cash flow and related notes and disclosures;
- Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instrument Issues': Interest income/expense and net gains/losses for each category of financial instrument; basis of determining fair values; details of collateral, loan defaults or breaches, details of hedges, hedging fair value changes recognised in profit or loss and in other comprehensive income;
- Section 26 'Share based Payment': Share-based payment expense charged to profit or loss, reconciliation of opening and closing number and weighted average exercise price of share options, how the fair value of options granted was measured, measurement and carrying amount of liabilities for cash-settled share-based payments, explanation of modifications to arrangements;
- Section 33 'Related Party Disclosures': Compensation for key management personnel.

The company is a wholly owned subsidiary of WP Midco 3 Limited, and of its ultimate parent, Shilton Midco 2 Limited. It is included in the consolidated financial statements of Shilton Midco 2 Limited which are publicly available. The company is exempt by virtue of section 400 of the Companies Act 2006 from the requirement to prepare consolidated financial statements. The ultimate parent undertaking and the smallest and largest group to consolidate these financial statements is Shilton Midco 2 Limited. The address of the parent's registered office is Profile West, 950 Great West Road, Brentford, Middlesex, TW8 9ES.

# SAFETYKLEEN GROUP SERVICES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

### 1 Accounting policies

(Continued)

#### 1.2 Going concern

The directors are required to prepare the Group's financial statements on the going concern basis, unless it is inappropriate to presume that the Group will continue in business. In considering going concern, the directors have reviewed the Group's ability to service its existing debt from the viewpoint of liquidity and covenant compliance.

The Group continues to be financed by a combination of debt and equity funding, with total bank debt including interest payable of £498.1m (2018: £535.1m), preference shares including accrued interest of £294.8m (2018: £288.6m) and finance lease obligations of £38.4m (2018: £1.3m) at 31 December 2019. In addition, at 31 December 2019 the Group has undrawn committed revolving credit facilities of £60m (2018: £60.0m) and undrawn committed acquisition facilities of €20m. The Group does not have bank debt or preference share repayment obligations to meet within the next 12 months, and neither does it have financial covenants to meet, except where the revolving credit facility is more than 40% drawn, which is not the case at 31 December 2019.

The COVID 19 outbreak has a macro-economic impact on the industrial market that Safetykleen operates in. There has been a reduction in service levels since the start of the pandemic, as certain customers have closed fully or partially. However Safetykleen's branches have remained open throughout the period of COVID19 as Safetykleen's service in general is considered an essential business activity. The Directors have taken short term steps to increase liquidity, including drawing £20m of the revolving credit facilities and drawing £18m on the Group's B2 loan facility, and at the date of signing the accounts the Group has £60m cash. In addition the Group has £40m undrawn on its revolving credit facilities. The £60m revolving credit facilities are subject to a covenant that the Group must have a net debt to EBITDA ratio of less than 9.25x if the facility is more than 40% drawn (the ratio at 31 December 2019 was 5.8x). There are no other financial covenants on the Group's bank facilities. This liquidity has been compared to financial projections for the Group using reasonable assumptions, and an assessment made of the headroom to manage a downside scenario. With the current liquidity position of the Group, and the steps being taken in response to the COVID 19 pandemic, the Directors consider that it is appropriate to prepare the accounts on a Going Concern basis.

#### 1.3 Intangible fixed assets other than goodwill

Intangible assets acquired separately from a business are recognised at cost and are subsequently measured at cost less accumulated amortisation and accumulated impairment losses.

Intangible assets acquired on business combinations are recognised separately from goodwill at the acquisition date where it is probable that the expected future economic benefits that are attributable to the asset will flow to the entity and the fair value of the asset can be measured reliably; the intangible asset arises from contractual or other legal rights; and the intangible asset is separable from the entity.

Amortisation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Software	3 - 7 years
Website	3 years

#### 1.4 Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

# SAFETYKLEEN GROUP SERVICES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

### 1 Accounting policies

(Continued)

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Freehold land and buildings	50 years
Leasehold improvements	10 years
Machinery and equipment	3-10 years
Motor vehicles	5 years

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is credited or charged to profit or loss.

#### 1.5 Fixed asset investments

Interests in subsidiaries, associates and jointly controlled entities are initially measured at cost and subsequently measured at cost less any accumulated impairment losses. The investments are assessed for impairment at each reporting date and any impairment losses or reversals of impairment losses are recognised immediately in profit or loss.

A subsidiary is an entity controlled by the company. Control is the power to govern the financial and operating policies of the entity so as to obtain benefits from its activities.

#### 1.6 Impairment of fixed assets

At each reporting period end date, the company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

#### 1.7 Cash and cash equivalents

Cash and cash equivalents are basic financial assets and include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

# SAFETYKLEEN GROUP SERVICES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

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### 1 Accounting policies

(Continued)

#### 1.8 Financial instruments

The company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the company's balance sheet when the company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

##### **Basic financial assets**

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

##### **Classification of financial liabilities**

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

##### **Basic financial liabilities**

Basic financial liabilities, including creditors, bank loans, loans from fellow group companies and preference shares that are classified as debt, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

#### 1.9 Equity instruments

Equity instruments issued by the company are recorded at the proceeds received, net of transaction costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the company.

#### 1.10 Taxation

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

##### **Current tax**

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



# SAFETYKLEEN GROUP SERVICES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

### 1 Accounting policies

(Continued)

#### **Deferred tax**

Deferred tax liabilities are generally recognised for all timing differences and deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Such assets and liabilities are not recognised if the timing difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

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

#### **1.11 Provisions**

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

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting end date, taking into account the risks and uncertainties surrounding the obligation. Where the effect of the time value of money is material, the amount expected to be required to settle the obligation is recognised at present value. When a provision is measured at present value, the unwinding of the discount is recognised as a finance cost in profit or loss in the period in which it arises.

#### **1.12 Employee benefits**

Interest income and expense is recognised in the profit and loss account using the effective interest method.

#### **1.13 Retirement benefits**

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

#### **1.14 Leases**

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessees. All other leases are classified as operating leases.

Assets held under finance leases are recognised as assets at the lower of the assets fair value at the date of inception and the present value of the minimum lease payments. The related liability is included in the balance sheet as a finance lease obligation. Lease payments are treated as consisting of capital and interest elements. The interest is charged to profit or loss so as to produce a constant periodic rate of interest on the remaining balance of the liability.

Rentals payable under operating leases, including any lease incentives received, are charged to profit or loss on a straight line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the leases asset are consumed.

# **SAFETYKLEEN GROUP SERVICES LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**FOR THE YEAR ENDED 31 DECEMBER 2019**

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### **1 Accounting policies**

**(Continued)**

#### **1.15 Foreign exchange**

Transactions in currencies other than pounds sterling are recorded at the rates of exchange prevailing at the dates of the transactions. At each reporting end date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the reporting end date. Gains and losses arising on translation are included in the profit and loss account for the period.

#### **1.16 Other operating income**

Other operating income includes franchise fee income charged to subsidiary companies based on a percentage of their quarterly turnover for the use of the Safetykleen name and in-house systems as well as the services of certain Group employees. Income is recognised in the period these services are performed.

#### **1.17 Non-recurring items**

Non-recurring items are items that are material either individually or, if of a similar type, in aggregate and which due to their nature or the infrequency of the events giving rise to them, are presented separately to assist users of the financial statements in assessing the trading performance.

# SAFETYKLEEN GROUP SERVICES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

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### 2 Critical accounting estimates and judgements

In the application of the company's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

#### **Critical judgements**

The estimates and assumptions which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities are outlined below:

#### ***Impairment of investments***

FRS 102 requires management to estimate the recoverable amount of an asset or group of assets. Recoverable amount represents the higher of value in use and fair value less costs to sell.

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

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

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

At 31 December 2019 the carrying value of investments is disclosed in note 13. Based on management's assessment and judgement, there are no indications of impairment or changes in circumstances indicating that the carrying value of its investments may not be recoverable. If cash flow or discount rate assumptions were to change, impairment losses may be recognised in the future.

#### ***Non-recurring items***

Non-recurring items include specific charges and credits included within the income statement that management consider to be non-recurring and where the nature of the items is such that a better understanding of the underlying performance is given if they are shown separately. The Directors exercise judgement in determining the classification of items as non-recurring.

# SAFETYKLEEN GROUP SERVICES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2019

### 3 Other operating income

	Year ended 31 December 2019 £'000	Year ended 31 December 2018 £'000
Franchise fee charged to other group companies	22,941	21,906
	<u>22,941</u>	<u>21,906</u>

### 4 One off non-recurring items

	Year ended 31 December 2019 £'000	Year ended 31 December 2018 £'000
Development of new ERP system	20	-
Reorganisation and restructuring costs	1,021	91,824
	<u>1,041</u>	<u>91,824</u>

Non-recurring items include specific charges and credits included within the income statement that management consider to be non-underlying and where the nature of the items is such that a better understanding of the underlying performance is given if they are shown separately.

### 5 Operating profit/(loss)

	2019 £'000	2018 £'000
Operating profit/(loss) is stated after charging/(crediting):		
Depreciation of owned tangible fixed assets	74	87
Loss on disposal of tangible fixed assets	18	-
Amortisation of intangible assets	701	891
Operating lease charges	110	110
	<u></u>	<u></u>

### 6 Auditors' remuneration

	Year ended 31 December 2019 £'000	Year ended 31 December 2018 £'000
During the year the Company obtained the following services from its auditors PricewaterhouseCoopers LLP, at costs detailed below:		
For audit services		
Audit of the financial statements of the company	6	6
	<u>6</u>	<u>6</u>

# SAFETYKLEEN GROUP SERVICES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2019

### 6 Auditors' remuneration

(Continued)

In addition to the above the Company also bore fees of £164,000 (2018: £159,000) in relation to the audit of its ultimate parent company Shilton Midco 2 Limited and other group undertakings.

### 7 Employee information and directors' emoluments

Employee costs during the financial year amounted to:

	Year ended 31 December 2019 £'000	Year ended 31 December 2018 £'000
Wages and salaries	4,239	3,844
Social security costs	340	309
Pension costs	121	115
	<u>4,700</u>	<u>4,268</u>

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

	Year ended 31 December 2019 Number	Year ended 31 December 2018 Number
Management	5	9
Finance	8	6
Information Technology	20	19
Administration and other	7	7
	<u>40</u>	<u>41</u>

The directors are directors of a number of companies within the Group headed by Shilton Midco 2 Limited. The remuneration of the directors during the reporting year was borne by Safetykleen Group Services Limited.

# SAFETYKLEEN GROUP SERVICES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

Their aggregate remuneration comprised:

	Year ended 31 December 2019 £'000	Year ended 31 December 2018 £'000
Aggregate emoluments	1,234	1,852
Amounts paid to pension schemes	31	64
	<u>1,265</u>	<u>1,916</u>

The highest paid director received emoluments of £758,000 (2018: £1,323,000) for the year and pension contributions by the Group of £nil (2018: £nil).

Two (2018: three) directors have retirement benefits accruing under money purchase pension schemes.

### 8 Interest receivable and similar income

	2019 £'000	2018 £'000
<b>Interest income</b>		
Interest receivable from group companies	6,530	-
<b>Other income from investments</b>		
Exchange differences	-	1,679
<b>Total income excluding fixed asset investments</b>	<u>6,530</u>	<u>1,679</u>
<b>Income from fixed asset investments</b>		
Income from shares in group undertakings	-	166,502
<b>Total income</b>	<u>6,530</u>	<u>168,181</u>

# SAFETYKLEEN GROUP SERVICES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2019

### 9 Interest payable and similar expenses

	2019 £'000	2018 £'000
<b>Interest on financial liabilities measured at amortised cost:</b>		
Interest on bank overdrafts and loans	1	1
Interest payable to group undertakings	37,250	37,820
	<u>37,251</u>	<u>37,821</u>
<b>Other finance costs:</b>		
Interest on finance leases and hire purchase contracts	1	-
Exchange differences on financing transactions	1,911	-
	<u>39,163</u>	<u>37,821</u>

### 10 Taxation

	2019 £'000	2018 £'000
<b>Current tax</b>		
UK corporation tax on profits for the current period	131	121
	<u>131</u>	<u>121</u>

The actual charge for the year can be reconciled to the expected (credit)/charge for the year based on the profit or loss and the standard rate of tax as follows:

	2019 £'000	2018 £'000
(Loss)/profit before taxation	<u>(18,682)</u>	<u>52,896</u>
Expected tax (credit)/charge based on the standard rate of corporation tax in the UK of 19.00% (2018: 19.00%)	(3,550)	10,050
Tax effect of expenses that are not deductible in determining taxable profit	109	17,055
Double tax relief	-	(121)
Group relief	3,777	4,821
Permanent capital allowances in excess of depreciation	(127)	(74)
Other non-reversing timing differences	(78)	(96)
Effect of overseas tax rates	-	121
Dividend income	-	(31,635)
Taxation charge for the year	<u>131</u>	<u>121</u>

# SAFETYKLEEN GROUP SERVICES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

### 10 Taxation

(Continued)

The main rate of UK corporation tax was reduced from 20% to 19% with effect from 1 April 2017. Accordingly, the company's losses for this accounting year are taxed at an effective rate of 19.00%.

Changes to the UK corporation tax rates were substantively enacted as part of the Finance Bill 2016 (on 6 September 2016).

No deferred tax asset has been recognised in relation to other timing differences at an entity level as management do not consider it probable that there will be future taxable profits available against which these assets could be offset. The Company has unrecognised deferred tax assets of £466,000.

### 11 Intangible assets

	Software £'000	Website £'000	Total £'000
<b>Cost</b>			
At 1 January 2019	7,557	57	7,614
Additions	794	-	794
Disposals	(2,363)	-	(2,363)
At 31 December 2019	5,988	57	6,045
<b>Accumulated amortisation and impairment</b>			
At 1 January 2019	3,838	57	3,895
Amortisation charged for the year	701	-	701
Disposals	(2,363)	-	(2,363)
At 31 December 2019	2,176	57	2,233
<b>Carrying amount</b>			
At 31 December 2019	3,812	-	3,812
At 31 December 2018	3,719	-	3,719

The software intangible asset relates to the Company's Enterprise Resource Planning ("ERP") system, which was created by an external development firm for the Company's specific requirements.



# SAFETYKLEEN GROUP SERVICES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

### 12 Tangible assets

	Leasehold improvements £'000	Machinery and equipment £'000	Motor vehicles £'000	Total £'000
<b>Cost</b>				
At 1 January 2019	136	1,383	64	1,583
Additions	-	20	56	76
Disposals	(64)	(1,276)	(64)	(1,404)
At 31 December 2019	72	127	56	255
<b>Accumulated depreciation and impairment</b>				
At 1 January 2019	73	1,277	28	1,378
Depreciation charged in the year	12	43	19	74
Disposals	(60)	(1,235)	(41)	(1,336)
At 31 December 2019	25	85	6	116
<b>Carrying amount</b>				
At 31 December 2019	47	42	50	139
At 31 December 2018	63	106	36	205

# SAFETYKLEEN GROUP SERVICES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

### 13 Investments

	Note	2019 £'000	2018 £'000
Investments in subsidiaries	14	319,939	319,939

#### Movements in investments

	Shares in group undertakings £'000
<b>Cost or valuation</b>	
At 1 January 2019 & 31 December 2019	319,939
<b>Carrying amount</b>	
At 31 December 2019	319,939
At 31 December 2018	319,939

### 14 Subsidiaries

The Company directly owns 100% of the ordinary shares of WP SK Holdings Limited an intermediate holding company incorporated in the United Kingdom, WP SK France SAS an intermediate holding company incorporated in France and WP SK Italy Sri an intermediate holding company incorporated in Italy.

The other subsidiary undertakings of the Company as at 31 December 2019 which are wholly owned and held indirectly, are as follows:

Name of undertaking	Registered office key	Nature of business	Address
WP SK Midco Limited	United Kingdom	Holding company	Profile West, 950 Great West Road, Brentford, Middlesex, TW8 9ES
WP SK Limited	United Kingdom	Holding company	Profile West, 950 Great West Road, Brentford, Middlesex, TW8 9ES
WP SK France Limited	United Kingdom	Holding company	Profile West, 950 Great West Road, Brentford, Middlesex, TW8 9ES
Safety-Kleen Europe Limited	United Kingdom	Holding company	Profile West, 950 Great West Road, Brentford, Middlesex, TW8 9ES
Safety-Kleen UK (Europe) Limited	United Kingdom	Holding company	Profile West, 950 Great West Road, Brentford, Middlesex, TW8 9ES
SK 5 Limited	United Kingdom	Holding company	Profile West, 950 Great West Road, Brentford, Middlesex, TW8 9ES
Safety-Kleen UK (France) Limited	United Kingdom	Holding company	Profile West, 950 Great West Road, Brentford, Middlesex, TW8 9ES
Safety-Kleen UK Limited	United Kingdom	Parts washing and chemical application services	Profile West, 950 Great West Road, Brentford, Middlesex, TW8 9ES
Parts Wash Limited	United Kingdom	Dormant company	Profile West, 950 Great West Road, Brentford, Middlesex, TW8 9ES

# SAFETYKLEEN GROUP SERVICES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

### 14 Subsidiaries

(Continued)

Parts Wash UK Limited	United Kingdom	Dormant company	Profile West, 950 Great West Road, Brentford, Middlesex, TW8 9ES
QED Chemical Solutions Limited	United Kingdom	Dormant company	Profile West, 950 Great West Road, Brentford, Middlesex, TW8 9ES
Technowash Limited	United Kingdom	Machine Manufacturer	8 – 10 Standard Way, Standard Way Business Park, Northallerton, DL6 2XE
WP SK Spain SL	Spain	Holding company	Parque Empresarial Las Mercedes, C/ Campezo, 1, Ed.4 – 3ªA, 28022 Madrid, (Spain)
Safety-Kleen España SA	Spain	Parts washing and chemical application services	Parque Empresarial Las Mercedes, C/ Campezo, 1, Ed.4 – 3ªA, 28022 Madrid, (Spain)
Safety-Kleen France Services SAS	France	Holding company	Safetykleen France, 65, avenue Jean Mermoz 93126 LA COURNEUVE Cedex
Safety-Kleen France Sarl	France	Parts washing and chemical application services	Safetykleen France, 65, avenue Jean Mermoz 93126 LA COURNEUVE Cedex
Safety-Kleen Beteiligungs GmbH	Germany	Holding company	Herforder Straße 47-51 32545 Bad Oeynhausen
Safety-Kleen Deutschland GmbH	Germany	Parts washing and chemical application services	Herforder Straße 47-51 32545 Bad Oeynhausen
Safety-Kleen Grundbesitz GmbH	Germany	Holding company	Herforder Straße 47-51 32545 Bad Oeynhausen
Orm Bergold Chemie GmbH & Co KG	Germany	Waste collection and recycling	Daimlerstrasse 2-4, 44805 Bochum
Orm Chemie GmbH	Germany	Holding company	Daimlerstrasse 2-4, 44805 Bochum
Safety-Kleen Italia Spa	Italy	Parts washing and chemical application services	SafetyKleen Italia Via XXV Aprile 5, Pero, Milan
Safetykleen Portugal Solventes e Gestão de Resíduos, SA	Portugal	Parts washing and chemical application services	Gestao de Residuos, SA, Vila Amélia – Lote 594, Cabanas, 2950-805 Quinta do Anjo, (Portugal)
Safety-Kleen Ireland Limited	Ireland	Parts washing and chemical application services	Airton Road, Dublin, Dublin 24
Safety-Kleen Belgium SA	Belgium	Parts washing and chemical application services	Industrielaan 130, 1070 Brussel, (Belgium)
Safety-Kleen (Netherlands) BV	Netherlands	Holding company	Profile West, 950 Great West Road, Brentford, Middlesex, TW8 9ES
Safety-Kleen Hungary KFT	Hungary	Parts washing and chemical application services	2440 Százhalombatta, Erőmű utca 12., Hungary
Co-Ba 2000 KFT	Hungary	Parts washing and chemical application services	2440 Százhalombatta, Erőmű utca 12., Hungary
Safety-Kleen Slovakia s.r.o	Slovakia	Parts washing and chemical application services	Nádražná 36, Ivanka pri Dunaji 900 28 Slovakia

# SAFETYKLEEN GROUP SERVICES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

### 14 Subsidiaries

(Continued)

Safety Kleen CZ. s.r.o.	Czech Republic	Parts washing and chemical application services	66467 Syrovicé, Areal byvalehó ŽD Syrovice, Ceska Republica
Safety-Kleen Parça Temizlik Hizmetleri Limited	Turkey	Parts washing and chemical application services	IOSB Galvano Teknik Sanayi Sitesi A Blok No: 69 Basaksehir Istanbul
Global Kleen HK Limited	Hong Kong	Parts washing and chemical application services	8 Kai Fong Yuen, Pingche , Fanling, New Territories Hong Kong
Global Kleen Guangzhou Parts Washer Limited	China	Parts washing and chemical application services	RM17, No.329, Qingnian Rd, Guangzhou Economic and Technological Development Zone, Guangzhou
Servicekleen do Brasil Ltda	Brazil	Parts washing and chemical application services	Rua João Dias Ribeiro, 53, Polo Itapevi, CEP 06693-810, Itapevi, SP, Brasil

The directors believe that the carrying value of the investments is supported by their underlying net assets.

### 15 Debtors

	2019 £'000	2018 £'000
Amounts falling due within one year:		
Corporation tax recoverable	725	137
Amounts owed by group undertakings	33,011	188,816
VAT recoverable	158	-
Other debtors	34	201
Prepayments and accrued income	199	427
	<u>34,127</u>	<u>189,581</u>

The amounts owed by group undertakings represent balances on trading accounts with fellow subsidiaries and loans which are unsecured, incur interest at REPO +1.0% and are repayable on demand.

# SAFETYKLEEN GROUP SERVICES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

### 16 Creditors: amounts falling due within one year

	2019 £'000	2018 £'000
Obligations under finance leases	10	-
Trade creditors	84	322
Amounts owed to group undertakings	580,547	716,826
Corporation tax	-	69
Other taxation and social security	138	102
Other creditors	-	675
Accruals and deferred income	3,205	2,371
	<u>583,984</u>	<u>720,365</u>

Amounts owed to group undertakings due within one year are either i) unsecured, incur interest at REPO +1.0% and are repayable on demand ii) bear interest at an arms length rate of either LIBOR / EURIBOR plus a margin between 4.25% - 5.5%, and have a fixed repayment date in line with the Companies external borrowings.

### 17 Creditors: amounts falling due after more than one year

	2019 £'000	2018 £'000
Obligations under finance leases	<u>23</u>	<u>-</u>

### 18 Called up share capital

	2019 £'000	2018 £'000
Allotted, called up and fully paid		
10,000,000 (2018: 10,000,000) ordinary shares of £1 each	10,000	10,000
	<u>10,000</u>	<u>10,000</u>

### 19 Financial commitments, guarantees and contingent liabilities

The Company is a participant in a Group banking arrangement under which, all surplus cash balances are held as collateral for bank facilities advanced to Group companies. In addition the Company has a cross-guarantee arrangement with the bank to support these group facilities.

# **SAFETYKLEEN GROUP SERVICES LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**FOR THE YEAR ENDED 31 DECEMBER 2019**

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### **20 Ultimate parent company and ultimate controlling party**

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

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

### **21 Events after the reporting date**

The COVID 19 outbreak has a macro-economic impact on the industrial market that Safetykleen operates in. Safetykleen's services are offered across a wide range of industrial segments. The impact was noted from the second half of March onwards where certain customers have been closed and Safetykleen has not been able to service all or some its machines on these customers' sites which are closed. However Safetykleen's branches have remained open throughout the period of COVID19 as Safetykleen's service in general is considered an essential business activity. In response to a reduced level of service activity, Safetykleen has taken immediate measures to reduce costs and preserve liquidity, this includes furloughing staff where applicable either full time, or part time depending on the local legislation and service requirements. In addition capital expenditure and discretionary costs have been reduced to the absolute minimum level. There has been little impact to date on the supply chain particularly for chemicals and alternative suppliers are available if necessary, including the Group's in-house solvent recycling facility OBC. To ensure that sufficient liquidity is available, the Group has drawn £20m on its revolving credit facilities, and £18m on its B2 loan facility. Including these drawings the Group now has £60m of cash at the date of signing the accounts, and the Directors consider that the Group has sufficient liquidity to prepare the accounts on a Going Concern basis.