Registered number: 06256521

VEOLIA ES SOUTHWARK LIMITED

STRATEGIC REPORT, DIRECTORS' REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2017

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VEOLIA ES SOUTHWARK LIMITED

COMPANY INFORMATION

DIRECTORS	David Andrew Gerrard Gavin Howard Graveson Pascal Hauret Robert Charles Hunt
COMPANY SECRETARY	Benjamin Peter Lambert
REGISTERED NUMBER	06256521
REGISTERED OFFICE	210 Pentonville Road London N1 9JY
INDEPENDENT AUDITOR	Ernst & Young LLP The Paragon Counterslip Bristol BS1 6BX

VEOLIA ES SOUTHWARK LIMITED

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STRATEGIC REPORT
FOR THE YEAR ENDED 31 DECEMBER 2017

INTRODUCTION

The Directors present the Strategic report for the year ended 31 December 2017.

The principal activity of Veolia ES Southwark Limited ("the Company") is waste and recycling management. This involves the processing of material collected from the London Borough of Southwark ("LBS") and other Veolia Group entities, with the aim of selling the processed material as recyclates and fuel for Energy Recovery Facilities ("ERF").

The Company provides waste management services on behalf of its main customer, LBS, for an agreed period of 25 years, which commenced in April 2008 and is due to end in February 2033. Waste is collected and managed through a Material Recovery Facility ("MRF"), mechanical and biological treatment transfer station and Household Waste Recycling Centre ("HWRC") facility located on Old Kent Road in Southwark.

The Company is registered and domiciled in the United Kingdom.

The Company is part of the Veolia Group, ("The Group") which is defined as all companies under the control of the ultimate parent company, Veolia Environnement S.A., headquartered in Paris. The Company is also a member of the "UK group", a division of The Group, based in the UK and involved in the provision of waste, water and energy services, and directly or indirectly under the ownership of Veolia UK Limited ("VUK").

BUSINESS REVIEW

Revenue streams come from charges to LBS for the collection, processing and disposal of waste on a per tonne basis, gate fees from non-LBS material taken on site due to spare capacity, and the sale of recyclate material. These revenue streams are not expected to change in the near future.

The company considers the key operational indicators relevant to the financial performance now and in the future to be the amount of LBS and third party material collected and processed on site, the price and volume of recyclate sales and the costs per tonne of processing and disposing of waste material. In 2017, 113,000 tonnes *(2016: 120,000 tonnes)* of LBS material was taken on site, with additional third party material of 108,000 tonnes *(2016: 106,000 tonnes)*. Gross profits decreased by £754k in the year to £2,225k *(2016: £2,979k)*, due to a full year impact of changes to the contract terms with LBS *(2016: 9 Months impact)*, a reduction in LBS contract tonnes input and falling recyclate prices.

The Company's performance is measured in relation to the total contribution to The Group, hence the key financial performance indicators of the Company are Group centric. The key financial performance indicators as they would appear in the management review are as follows:

	2017	*2016*
	£000	*£000*
Turnover	**31,896**	*31,610*
Adjusted EBITDA	**4,438**	*5,121*
Adjusted EBITDA as a percentage of turnover	**13.9 %**	*16.2 %*
Adjusted 'current' EBIT	**643**	*1,443*

The definitions below are standard for The Group and do not necessarily imply that the Company has incurred such costs in the year:

- Adjusted EBITDA excludes movements on provisions, restructuring costs and foreign exchange differences, and where appropriate, is adjusted for movements in financial assets in respect of the unwinding of the discount on the fair value and repayment of the asset in the period;
- Adjusted "current" EBIT excludes restructuring costs, foreign exchange differences and repayments on financial assets.

The Group uses these adjusted definitions for its own internal purposes as it is felt they better represent the ongoing business to management by removing non-recurring items like provisions and forex which are largely dependent on one off or external factors.

PRINCIPAL RISKS AND UNCERTAINTIES

In common with all businesses, the Company recognises certain risk factors that are both external and internal to the Company. The Directors consider the principal risks and uncertainties to which the Company is exposed are intrinsic to the business it operates and its ability to provide the service for which it is contracted.

The following highlights some of the particular risks, but is not intended to be an extensive analysis of all risks affecting the business. Some risks may be unknown to the Company and other risks, currently regarded as immaterial, could turn out to be material. All of them have a potential to impact the Company's business, revenue, profits, assets, liquidity and capital resources adversely. The Board has approved that the Company manages the majority of these risks by utilising the resources and processes developed and operated within the UK group as whole.

Contractual risk

The Company's business is predominantly contract-based; hence the business may be adversely affected by failure to perform to the level agreed within the relevant contract. There are a variety of reasons why this may occur. The UK group has a structured formal project authorisation and review procedure which aims at ensuring all legal, operational, technical and commercial risks are properly considered before the initial exchange of contracts, or significant contract alterations, with our clients.

Business continuity

The Company maintains a business continuity plan for each area of its operation, including the associated IT infrastructure, so should the unexpected happen, there is a predetermined plan in place to allow the business to recover and to continue servicing its customers with as little disruption as possible. These plans include sharing of site infrastructure within the UK group, the use of external suppliers who specialise in disaster recovery scenarios and leveraging other group relationships.

Health and safety, quality and environment

The Company remains fully committed to respecting the UK group's corporate, legal and social responsibilities for health and safety, quality and the environment. It looks to improve its systems and performance with specific year on year targets which are constantly measured.

The UK group has implemented a 3 year strategic plan to achieve an active risk culture in which its employees are actively engaged and contribute towards collective safety. This will be achieved through effective leadership, engagement and empowerment and by developing appropriate behaviours. Veolia continues to deliver the 'Think Safe, Work Safe and Home Safe' behavioural safety approach it started in 2016, with 'Think Safe' the focus for 2018. The UK group's safety objectives for 2018 include visible leadership through Director and management face to face visits; feedback to those reporting near miss, safety concerns and incidents of abuse to encourage reporting; communication of key messages through safety alerts and the 'Think Safe' campaign; and reduction in combined lost time incident and modified duty days. The focus for 2017 was around "Home Safe" but also saw the launch of the Respect @ Work training and communication programme that supports employees (and their managers) to respond to incidents of verbal and physical abuse from members of the public. This training will continue to be rolled out to the business in 2018.

The UK group and the Company have an open relationship with all regulatory bodies, including the various Environment Agency bodies across the UK. The UK group is committed to a sustainable future by protecting and conserving the natural environment, helping customers to gain value by the circular economy and closed loop thinking. By being a manufacturer of green products and energy we help our customers to meet their environmental challenges. Veolia is externally certified to ISO 9001 (Quality), ISO 14001 (Environmental) and OHSAS 18001 (Health and Safety) and has an 'in house' team of QHSE professionals with broad knowledge and experience of the field that provide the business with support on a day to day basis. The Directors therefore consider the risk associated with health and safety, quality and environment to be acceptable.

Risks relating to the price of energy, commodities and recycled raw materials

The price the Company pays for its commodities such as the supply of energy and fuel can have a significant impact on the return it gets from its business. The Company's contracts with its customers generally have indexing formulae to mitigate some of the risk around price increases, however to the extent the Company is unable to increase its prices sufficiently or if there is a significant delay in being able to do so, such increases could undermine the Company's operations by increasing costs and reducing profitability. In addition the price the Company receives for its energy and for its recycled raw materials (recyclates), paper, plastics, ferrous scrap and non-ferrous metal etc., could have a significant effect on the Company's operating results.

Financial risks

It is the Company's objective to manage its financial risks so as to minimise the adverse effects of fluctuations in the financial markets on its profits and cash flows. The Company utilises the resources of the UK group to implement risk controls and loss mitigation plans to manage exposure to these risks. The VUK Board, which certain of the Company's Directors are members of, reviews and agree policies for managing risks and they are summarised below:

- Credit risk
  The Company is exposed to counter-party risk in various areas of its operating activities and treasury activities. Credit risk therefore arises primarily on the Company's operating financial assets and operating receivables, much of which is with other undertakings of The Group. The carrying amount of trade and other receivables, and cash and cash equivalents represent the Company's maximum exposure to credit risk.

  The risk of major financial loss would occur if the Company's main customer LBS, a well-established and stable local authority client, failed to honour its obligations under the contract. The likelihood of this is considered low.

  Given the above, the Directors consider the Company's exposure to credit risk to be acceptable.

- Interest rate risk
  The Company principally uses funds from the UK Group, via VUK, at floating rates of interest, priced according to a GBP index based on London Interbank Overnight Rates ("LIBOR") or Sterling Overnight Interbank Average Rates ("SONIA").

- Liquidity risk
  The Company is party to a UK group cash pooling arrangement where each member deposits its cash excesses in a current account with VUK and may borrow money in the form of short-term advances. VUK monitors the balances of all parties to the cash pooling arrangement to ensure the facility stays in a net surplus position. Cash forecasts are undertaken regularly to ensure payment profiles can be honoured in full at the appropriate date.

- Foreign exchange risk
  The Company has limited exposure to foreign currency risk in its normal trading activities as it operates in the UK and all of its trade and most of its purchases are procured in pound sterling. At each reporting date all financial assets and financial liabilities are denominated in pound sterling.

STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2017

Other risks

Following the referendum which will result in the UK leaving the European Union, Veolia will continue to develop its business in the UK and monitor the effects of the decision in line with The Group statement released in Paris on 24 June 2016: "Veolia will of course continue its journey in the UK. That means that we will continue to invest both in terms of financial and human resources to ensure we remain competitive and innovative".

Further to the agreement in principle reached by the UK government and the European Union on 8 December 2017 on the protection of rights of EU citizens in the UK and UK citizens in the European Union the UK group issued a "Brexit frequently asked questions" booklet to all employees on 9 February 2018 which stated "The global Veolia group sees the UK as a major growth area and will continue to invest in people and the business to remain competitive and innovative."

This report was approved by the board on 4 July 2018 and signed on its behalf.



David Andrew Gerrard
Director

DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2017

The Directors present their report and the financial statements for the year ended 31 December 2017.

As permitted, certain information regarding the Company, including a review and analysis of the development and performance of the Company's business during the year and a description of the principal risks and uncertainties facing the Company are contained within the Strategic report.

RESULTS AND DIVIDENDS

The loss for the year, after taxation, amounted to £921k *(2016: loss £133k)*.

There were no dividends paid in the year under review *(2016: £nil)*.

DIRECTORS

The Directors who served during the year and to the date of this report were:

David Andrew Gerrard
Gavin Howard Graveson
Pascal Hauret
Robert Charles Hunt

No director has, or has had, a material interest in the Company, directly or indirectly at any time during the year.

DIRECTORS' INDEMNITY

The Directors are entitled to be indemnified by the Company to the extent permitted by law in respect of losses arising out of or in connection with the execution of their powers, duties and responsibilities. Veolia Environnement S.A., the Company's ultimate parent company, maintains Directors' and Officers' liability insurance for the Directors in respect of their duties as directors. Such qualifying third party indemnity provision was in place throughout the period and remains in force as at the date of approving the Directors' report. Neither the indemnities nor the insurance provide cover in the event that the Director is proved to have acted fraudulently.

GOING CONCERN

The Company's balance sheet is robust with net assets of £2,505k *(2016: £3,426k)*, and at year end reported net current assets of £1,252k *(2016: liabilities £(11)k)*. The Group's forecasts and budgets for 2018 and beyond identify that the Company is expected to remain profitable and to be cash generative. These budgets and forecasts take into account future expected capital expenditure, capital repayments and available debt facilities.

The Company participates in UK group centralised treasury arrangements and so shares banking and intercompany loan arrangements with the UK parent and other fellow subsidiaries. The Directors have therefore received written confirmation from VUK that they will, if required, provide financial support to the Company for the coming year. The Directors have made enquires and have gained assurance that VUK is in a position to provide this support if needed.

Having taken into account the above, the Company has adequate resources to meet its current operational and financial obligations, and the Directors have a reasonable expectation that this will continue for the foreseeable future. This assessment is based on the consideration of both the Company's and the UK group's budgeted cash flows and long-term forecasts, related assumptions, available debt facilities and continued UK group support. For this reason, the Directors continue to adopt the going concern basis in the statutory financial statements.

FUTURE DEVELOPMENTS

The Directors remain confident of the ability of the Company to continue to meet its customers' demands. Competition is expected to remain tough and austerity driven cost controls are expected to continue into the future. The Directors consider the Company, along with other members of the UK group, to be well placed in all aspects of the environmental and waste management industry.

DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2017

FINANCIAL INSTRUMENTS

Financial instruments give rise to foreign currency, interest rate, credit, price and liquidity risk. Information on how these risks arise is set out in the Strategic report.

Due to the use of facilities from The Group, denominated in pound sterling, the Company has minimal exposure to external loans and overdrafts and has limited exposure to foreign exchange as all of its trade and most of its expenses are incurred in pound sterling. Other financial assets and liabilities, such as trade debtors and trade creditors, arise directly from the Company's operating activities.

The Company's borrowings and loans are all denominated in pound sterling and therefore the Company has no foreign currency exposure on its financing. The Company's borrowings are tied to LIBOR and/or SONIA with interest rates being reset each quarter. The Directors consider that LIBOR and SONIA rates will continue to be stable for the foreseeable future with only small increases due in this period.

It is, and has been throughout the period under review, the Company's policy that no trading in speculative derivative financial instruments shall be undertaken.

EMPLOYEE INVOLVEMENT

During the year the Company, via the UK group, continued to provide employees with relevant information and to seek their views on matters of common concern through their representatives and through line managers. Priority is given to ensuring that employees are aware of all significant matters affecting the trading position of the business and of any significant organisational changes.

During the year, the policy of providing employees with information about the UK group, has been continued through the use of the intranet and newsletters in which employees have also been encouraged to present their suggestions and views. Regular meetings are held between local management and employees to allow a free flow of information and ideas.

DISABLED EMPLOYEES

The UK group gives full consideration to applications for employment from disabled persons where the candidate's particular aptitudes and abilities are consistent with adequately meeting the requirements of the job. Opportunities are available to disabled employees for training, career development and promotion.

Where existing employees become disabled, it is the UK group's policy to provide continuing employment wherever practicable in the same or an alternative position and to provide appropriate training to achieve this aim.

DISCLOSURE OF INFORMATION TO AUDITORS

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

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

POST BALANCE SHEET EVENTS

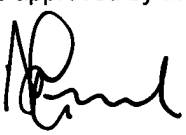
There have been no significant events affecting the Company since the year end.

DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2017

AUDITORS

Under section 487(2) of the Companies Act 2006, Ernst & Young LLP will be deemed to have been reappointed as auditors 28 days after these financial statements were sent to members or 28 days after the latest date prescribed for filing the accounts with the registrar, whichever is earlier.

This report was approved by the board on 4 July 2018 and signed on its behalf.



David Andrew Gerrard
Director

DIRECTORS' RESPONSIBILITIES STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2017

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

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

In preparing these financial statements, the Directors are required to:

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

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

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF VEOLIA ES SOUTHWARK LIMITED

Opinion

We have audited the financial statements of Veolia ES Southwark Limited for the year ended 31 December 2017, which comprise the Balance sheet, the Statement of comprehensive income, the Statement of changes in equity and the related notes 1 to 21, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards including FRS 101 "Reduced Disclosure Framework (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the Company's affairs as at 31 December 2017 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report below. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

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

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The Directors are responsible for the other information.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

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

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

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

Responsibilities of directors

As explained more fully in the Directors' responsibilities statement on page 8, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

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

Use of our report

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.

Ernst & Young LLP.

Chris Gilbert (Senior statutory auditor)
for and on behalf of
Ernst & Young LLP, Statutory Auditor
Bristol
05 July 2018

VEOLIA ES SOUTHWARK LIMITED

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2017

	Note	2017 £000	*2016 £000*
Turnover	4	**31,896**	*31,610*
Cost of sales		**(29,671)**	*(28,631)*
Gross profit		**2,225**	*2,979*
Administrative expenses		**(1,582)**	*(1,536)*
Other operating charges		**(1)**	-
Operating profit	5	**642**	*1,443*
Interest payable and similar charges	8	**(1,554)**	*(1,643)*
Loss before tax		**(912)**	*(200)*
Tax on loss	9	**(9)**	*67*
Loss for the financial year		**(921)**	*(133)*
Other comprehensive income		**-**	-
Total comprehensive loss for the year		**(921)**	*(133)*

VEOLIA ES SOUTHWARK LIMITED
REGISTERED NUMBER: 06256521

BALANCE SHEET
AS AT 31 DECEMBER 2017

	Note		2017 £000		*2016 £000*
Fixed assets					
Intangible assets	11		**47,414**		*50,475*
Tangible assets	12		**5,177**		*4,261*
			52,591		*54,736*
Current assets					
Stocks	13	**506**		*540*	
Debtors: amounts falling due within one year	14	**9,158**		*8,556*	
Cash at bank and in hand		**5**		-	
		9,669		*9,096*	
Creditors: amounts falling due within one year	15	**(8,417)**		*(9,107)*	
Net current assets/(liabilities)			**1,252**		*(11)*
Total assets less current liabilities			**53,843**		*54,725*
Creditors: amounts falling due after more than one year	16		**(48,000)**		*(48,000)*
			5,843		*6,725*
Provisions for liabilities					
Deferred taxation	10	**(3,338)**		*(3,299)*	
			(3,338)		*(3,299)*
Net assets			**2,505**		*3,426*
Capital and reserves					
Called up share capital	17		**1,000**		*1,000*
Profit and loss account			**1,505**		*2,426*
			2,505		*3,426*

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 4 July 2018.

David Andrew Gerrard
Director

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2017

	Called up share capital	Profit and loss account	Total equity
	£000	£000	£000
At 1 January 2016	**1,000**	**2,559**	**3,559**
Comprehensive income for the year			
Loss for the year	-	(133)	(133)
At 1 January 2017	**1,000**	**2,426**	**3,426**
Comprehensive income for the year			
Loss for the year	-	(921)	(921)
At 31 December 2017	**1,000**	**1,505**	**2,505**

The notes on pages 14 to 30 form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

1. GENERAL INFORMATION

Veolia ES Southwark Limited is a private company limited by shares, incorporated in England and Wales.

2. ACCOUNTING POLICIES

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 101 'Reduced Disclosure Framework' and the Companies Act 2006.

The Company's financial statements are presented in pound sterling and all values are rounded to the nearest thousand pound sterling (£000) except when otherwise indicated.

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).

The Company is consolidated in the consolidated financial statements of its ultimate parent company and controlling entity, Veolia Environnement S.A. (incorporated in France). Copies of the consolidated financial statements for Veolia Environnement S.A. are available from the registered office at 21 rue La Boétie, 75008 Paris, France.

The following principal accounting policies have been applied:

2.2 Financial reporting standard 101 - reduced disclosure exemptions

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

- the requirements of IFRS 7 Financial Instruments: Disclosures
- the requirements of paragraphs 91-99 of IFRS 13 Fair Value Measurement
- the requirement in paragraph 38 of IAS 1 'Presentation of Financial Statements' to present comparative information in respect of:
  - paragraph 79(a)(iv) of IAS 1;
  - paragraph 73(e) of IAS 16 Property, Plant and Equipment;
  - 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 in IAS 24 Related Party Disclosures to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member
- the requirements of paragraphs 134(d)-134(f) and 135(c)-135(e) of IAS 36 Impairment of Assets.
- the requirements of paragraph 17 and 18A of IAS 24 Related Party Disclosures regarding key management personnel.

2. ACCOUNTING POLICIES (CONTINUED)

2.3 Accounting for service concession assets

In the course of its activities, the Company provides contract management services for waste management and disposal to a local authority in return for remuneration based on services rendered.

These services are generally managed by the Company under contracts entered into at the request of public bodies ("grantors") which retain some control of the service provided.

These concession arrangements involve the transfer of operating rights for a limited period, under the control of the local authority, using dedicated installations upgraded or built by the Company, or made available to it for a fee or for nil consideration. These contracts define the "public service obligations" in return for the remuneration. The remuneration is based on a contracted tariff for waste services for each contract year.

Contracts include price review clauses, which are mainly based on cost trends, inflation, changes in tax and/or other legislation. Certain review clauses also include changes in volumes and/or the occurrence of specific events changing the profitability of the contract.

Concession arrangements are recognised in accordance with IFRIC 12, Service Concession Arrangements.

Financial asset model

The financial asset model applies when the operator has an unconditional right to receive cash or another financial asset from the grantor in remuneration for concession services. The operator has such an unconditional right if the grantor contractually agrees the payment of:

- amounts specified or determined in the contract; or
- the shortfall, if any, between the amounts received from users of the public services and amounts specified or determined in the contract.

Financial assets resulting from the application of IFRIC 12 are recognised in the Balance sheet as financial assets receivable on concession arrangements within trade debtors receivable within one year and after more than one year, and are recognised at amortised cost. The financial asset receivable amount is reduced by any guaranteed lease payments to be made to the grantor over the term of the contract.

2. ACCOUNTING POLICIES (CONTINUED)

Intangible asset model

The intangible asset model applies where the operator is paid by the users or where the concession grantor has not provided a contractual guarantee in respect of the recoverable amount. The Company's intangible asset corresponds to the right granted by the concession grantor to the operator to receive revenue based on public usage of the concession services.

Intangible assets resulting from the application of IFRIC 12 are recorded in the Balance sheet under the heading "Intangible assets" and are amortised on a straight line basis, generally over the contract term. Where the Company has guaranteed lease payments to be made to the grantor over the contract term these amounts are added to the intangible asset and a finance lease liability created.

Revenue from concession arrangements under the intangible asset model includes:

- income from the delivery of the contracted services (net of capital repayments received);
- revenue from the construction or upgrade of the infrastructure assets, recorded on a completion basis in accordance with IAS 11.

The Company's concession arrangements have been recognised as intangible assets.

Details on the concession contract can be found in the Strategic report.

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:

- revenue from the sale of waste for recycling is recognised at the point of dispatch;
- revenue from the management or handling of waste is recognised on receipt of waste at the site. Where the waste is unable to be diverted from landfill, revenue includes the associated landfill tax.

Revenue under IFRIC 12, Service Concession Arrangements, is explained in note 2.3.

2.5 Finance costs

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

2. ACCOUNTING POLICIES (CONTINUED)

2.6 Intangible assets

Intangible assets are identifiable non-monetary assets without physical substance.

Intangible assets are initially recognised at cost. After recognition, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

At each reporting date the company assesses whether there is any indication of impairment. If such indication exists, the recoverable amount of the asset is determined which is the higher of its fair value less costs to sell and its value in use. An impairment loss is recognised where the carrying amount exceeds the recoverable amount.

The estimated useful lives range as follows:

Software	-	3 years
IFRIC 12 concession assets	-	over the length of the contract

Intangible assets are amortised on a straight-line basis over their useful life, usually the contract term to which they relate, unless another systematic amortisation basis better reflects the rate of consumption of the asset.

Contract start-up costs are those incurred during the early phase of a long-term project that relate to one off activities associated with negotiating and finalising the contract with the Company's principal customer, post preferred bidder stage.

Intangible assets mainly consist of assets recognised in respect of concession arrangements (IFRIC 12) as well as start-up costs, patents, licenses, software and operating rights.

Interest on loans taken out specifically for concession assets under construction may be capitalised during the period of construction and included in the cost of intangible assets.

Expenditure incurred during the operation of a concession which aims to maintain operations at current capacity or cost is recognised in the Statement of comprehensive income as incurred. By exception, only where assets will enable the realisation of significant future economic benefit in relation to their cost will they be added to the concession asset. These additional assets will be amortised over the remaining contract term.

2. ACCOUNTING POLICIES (CONTINUED)

2.7 Tangible assets

Tangible fixed assets 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.

At each reporting date the company assesses whether there is any indication of impairment. If such indication exists, the recoverable amount of the asset is determined which is the higher of its fair value less costs to sell and its value in use. An impairment loss is recognised where the carrying amount exceeds the recoverable amount.

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.

Interest on loans taken out specifically for plant under construction may be capitalised during the period of construction and included in the cost of tangible assets.

Assets in the course of construction are not depreciated during the construction phase. On completion all assets will be transferred into the appropriate asset category and will be depreciated per the stated accounting policy.

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:

Plant and equipment	- 3 to 30 years
Vehicles and other transport equipment	- 3 to 11 years

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

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

2.8 Stocks

The Company holds a stock of maintenance materials and consumable items which are valued at the lower of cost and net realisable value. Cost is determined on a first in first out basis and includes transport and handling costs.

Where the Company holds maintenance materials that are expected to be used in more than 12 months, these are not held in stocks but are capitalised and depreciated or amortised over their expected useful life.

2. ACCOUNTING POLICIES (CONTINUED)

2.9 Financial instruments

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.

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:

Debtors

Short-term debtors are measured at transaction price, less any impairment.

Loans repayable on demand are classed as short-term and hence are not discounted.

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 Statement of comprehensive income. On confirmation that the trade receivable will not be collected, the gross carrying value of the asset is written off against the associated provision.

Derecognition of financial assets

The Company derecognises a financial asset when the contractual rights to the cash flows from the asset expire or when it transfers the contractual rights to the cash flows from the financial asset in a transaction under which nearly all the rights and obligations inherent to ownership of the financial asset are transferred. Any interest created or retained by the Company in a financial asset is recognised separately as an asset or liability.

2. ACCOUNTING POLICIES (CONTINUED)

Financial instruments (continued)

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 Balance sheet.

Derecognition of financial liabilities

A liability is derecognised when the contract that gives rise to it is settled, sold, cancelled or expires.

Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such as an exchange or modification is treated as a derecognition of the original liability, such that the difference in the respective carrying amounts together with any costs or fees incurred are recognised in profit or loss.

2.10 Holiday pay accrual

A liability is recognised to the extent of any unused holiday pay entitlement which is accrued at the Balance sheet date and carried forward to future periods. This is measured at the undiscounted salary cost of the future holiday entitlement so accrued at the Balance sheet date.

2.11 Operating leases: the Company as lessee

Rentals paid under operating leases are charged to the Statement of comprehensive income on a straight line basis over the lease term.

2.12 Foreign currency translation

Functional and presentation currency

The Company's functional and presentational currency is Pound Sterling.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

2. ACCOUNTING POLICIES (CONTINUED)

2.13 Pension plans and other post-employment benefits

The UK group offers a pension scheme to every member of staff, and operates both defined contribution and defined benefit schemes. The majority of the Company's employees belong to defined contribution plans, where the group pays an agreed contribution to a separate entity, relieving it of any liability for future payments. The assets of the scheme are invested and managed independently of the finances of The Group. These obligations are expensed in the Statement of comprehensive income when due.

The Company also participates in a local authority defined benefit pension scheme, the London Borough of Southwark pension fund, which is funded by payments of contributions to separately administered trust funds. Whilst the Company's contributions are affected by the surplus/deficit in this scheme, the Company has a contractual agreement with Southwark Council to cap the Company's exposure. Therefore, in accordance with IAS 19, this "Multi-employer" scheme is accounted for as if it was a defined contribution scheme.

2.14 Current and deferred taxation

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

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

Deferred tax balances are recognised in respect of all temporary differences that have originated but not reversed by the Balance sheet 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 is determined using tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax assets and liabilities are not discounted.

3. JUDGMENTS IN APPLYING ACCOUNTING POLICIES AND KEY SOURCES OF ESTIMATION UNCERTAINTY

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be appropriate under the circumstances, the results of which form the basis of making judgements about carrying values of assets and liabilities that are not readily apparent from other sources. 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 if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

Estimates
Management have reviewed the assumptions around the timing and scale of future revenues and costs for assessing the value of the Intangible and Tangible assets. Discount rates applied are based on an external exercise performed for The Group. Whilst there is currently limited headroom the assessment has led to the conclusion that no impairment is necessary. The Directors have based this on a conservative view of future performance and whilst there is a possibility these forecasts may not be met there is also a strong possibility that future performance could significantly improve.

Judgments
Concession accounting
Management have made the assessment on a number of factors in determining whether the selection of an intangible model is the most appropriate for method of accounting for the assets identified as part of the contract for concession services, as described in note 2.3, the most notable of these would be the assessment of the level of income guaranteed to be paid by the grantor under the contract.

4. TURNOVER

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

	2017	*2016*
	£000	*£000*
Sales of recyclates	**3,527**	*3,965*
Rendering of services	**28,369**	*27,645*
	31,896	*31,610*

All turnover arose within the United Kingdom.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017

5. OPERATING PROFIT

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

	2017 £000	2016 £000
Depreciation of tangible assets	744	604
Amortisation of intangible assets	3,061	3,076
Profit on disposal of fixed assets	(10)	(2)
Loss on exchange differences	1	-
Auditors' remuneration for audit of the financial statements (the Company)	30	25
Cost of stocks recognised as an expense	128	141
Operating leases - plant and equipment	418	435

6. STAFF COSTS

Staff costs were as follows:

	2017 £000	2016 £000
Wages and salaries	7,583	7,932
Social security costs	813	763
Pension costs	527	271
	8,923	8,966

As with many groups of our size, employees are often contractually employed by other companies within the UK group. The majority of UK group employees are contractually employed by Veolia ES (UK) Limited. The above reflects the allocation of staff and attributable cost recharged via the UK payroll system which is regularly updated to reflect which company the employee provides services to, irrespective of their contract of employment.

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

	2017 No.	2016 No.
Office & administration	10	9
Operations	247	260
	257	269

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017

7. DIRECTORS' REMUNERATION

The Directors are paid by, and perform services for, other companies within The Group alongside their services to this Company. Whilst not being paid by the Company, in 2017, the Directors' costs have been apportioned to the principle companies they serve within the UK group. Had the Directors' costs been recharged to all the companies those Directors serve, the Company would have incurred £46k *(2016: £45k)* of Directors emoluments, including £2k *(2016: £4k)* of pension contributions.

8. INTEREST PAYABLE AND SIMILAR CHARGES

	2017 £000	*2016 £000*
Interest payable to Group fellow subsidiaries	**1,554**	*1,643*

9. TAXATION

	2017 £000	*2016 £000*
CORPORATION TAX		
Current tax on loss for the year	**(37)**	*35*
Adjustments in respect of previous periods	**7**	*6*
TOTAL CURRENT TAX	**(30)**	*41*
DEFERRED TAX		
Deferred tax - current year	**34**	*101*
Origination and reversal of timing differences - prior year adjustment	**-**	*(15)*
Changes to tax rates	**5**	*(194)*
TOTAL DEFERRED TAX	**39**	*(108)*
TAXATION ON LOSS ON ORDINARY ACTIVITIES	**9**	*(67)*

9. TAXATION (CONTINUED)

FACTORS AFFECTING TAX CHARGE FOR THE YEAR

The tax assessed for the year is higher than *(2016 - lower than)* the standard rate of corporation tax in the UK of 19.25% *(2016 - 20%)*. The differences are explained below:

	2017 £000	*2016 £000*
Loss on ordinary activities before tax	**(912)**	*(200)*
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 19.25% (2016 - 20%)	**(176)**	*(40)*
EFFECTS OF:		
Expenses not deductible for tax purposes	**179**	*187*
Adjustments to tax charge in respect of prior periods - current tax	**7**	*6*
Adjustments to tax charge in respect of prior periods - deferred tax	**5**	*(15)*
Adjustments to deferred tax attributable to changes in tax rates and laws	**-**	*(194)*
Difference between current and deferred tax rates	**(6)**	*(11)*
TOTAL TAX CHARGE/(CREDIT) FOR THE YEAR	**9**	*(67)*

FACTORS THAT MAY AFFECT FUTURE TAX CHARGES

Deferred tax assets and liabilities have been stated at the corporation tax rate of 17% *(2016: 17%)*, reflecting the reduction in the UK Corporation tax rate which takes effect from 1 April 2020 which was enacted on 15 September 2016. This is on the basis that it is anticipated that the Company's deferred tax assets and liabilities will materially unwind after 1 April 2020.

10. DEFERRED TAXATION

	Accelerated capital allowances £000	Short-term timing differences £000	Total £000
At 1 January 2017	**3,164**	**135**	**3,299**
Charge to income statement	**48**	**(9)**	**39**
At 31 December 2017	**3,212**	**126**	**3,338**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017

11. INTANGIBLE ASSETS

	IFRIC 12 concession assets £000	Software £000	Total £000
COST			
At 1 January 2017	**64,140**	**85**	**64,225**
Disposals	**-**	**(74)**	**(74)**
At 31 December 2017	**64,140**	**11**	**64,151**
AMORTISATION			
At 1 January 2017	**13,665**	**85**	**13,750**
Charge for the year	**3,061**	**-**	**3,061**
On disposals	**-**	**(74)**	**(74)**
At 31 December 2017	**16,726**	**11**	**16,737**
NET BOOK VALUE			
At 31 December 2017	**47,414**	**-**	**47,414**
At 31 December 2016	*50,475*	-	*50,475*

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017

12. TANGIBLE ASSETS

	Plant and equipment £000	Vehicles and other transport equipment £000	Assets under construction £000	Total £000
COST OR VALUATION				
At 1 January 2017	**903**	**4,846**	**41**	**5,790**
Additions	**10**	**1,306**	**344**	**1,660**
Disposals	**(28)**	**(14)**	**-**	**(42)**
Transfers between classes	**-**	**4**	**(4)**	**-**
At 31 December 2017	**885**	**6,142**	**381**	**7,408**
DEPRECIATION				
At 1 January 2017	**253**	**1,276**	**-**	**1,529**
Charge for the year on owned assets	**169**	**575**	**-**	**744**
Disposals	**(28)**	**(14)**	**-**	**(42)**
At 31 December 2017	**394**	**1,837**	**-**	**2,231**
NET BOOK VALUE				
At 31 December 2017	**491**	**4,305**	**381**	**5,177**
At 31 December 2016	*650*	*3,570*	*41*	*4,261*

13. STOCKS

	2017 £000	*2016 £000*
Raw materials and consumables	**506**	*540*

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017

14. DEBTORS: Amounts falling due within one year

		2017 £000	2016 £000
Trade debtors		804	2,957
Amounts owed by Group fellow subsidiaries		1,725	791
Short-term loans to Group fellow subsidiaries	19	1,270	-
Other debtors		2	-
Prepayments and accrued income		5,354	4,636
Tax recoverable		3	172
		9,158	8,556

15. CREDITORS: Amounts falling due within one year

		2017 £000	2016 £000
Trade creditors		1,932	1,078
Amounts owed to Group fellow subsidiaries		3,579	2,009
Amounts owed to Group joint ventures		-	2
Short-term loans from Group fellow subsidiaries	19	93	2,707
Other taxation and social security		610	449
Other creditors		15	-
Accruals and deferred income		2,188	2,862
		8,417	9,107

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

		2017 £000	2016 £000
Long-term loans from Group fellow subsidiaries	19	48,000	48,000

17. SHARE CAPITAL

	2017 £000	2016 £000
Shares classified as equity		
Allotted, called up and fully paid		
1,000,000 ordinary shares of £1 each	1,000	1,000

18. COMMITMENTS UNDER OPERATING LEASES

At 31 December 2017 the Company had future minimum lease payments under non-cancellable operating leases as follows:

	2017 £000	*2016 £000*
Other operating leases		
Not later than 1 year	**67**	*232*
Later than 1 year and not later than 5 years	**-**	*16*
	67	*248*

19. RELATED PARTY TRANSACTIONS

During the year the Company entered into transactions, in the ordinary course of business, with related parties. The Company has taken advantage of the exemption under paragraph 8(k) of FRS 101 not to disclose transactions or balances with fellow wholly owned subsidiaries, with the exception of long term loans.

Trading balances, as at 31 December 2017, with other related parties are shown in note 15.

Trading transactions entered into during the year to 31 December 2017 with other related parties and loan balances with related parties are as follows:

TRADING TRANSACTIONS

	2017 £000	*2016 £000*
Purchases of goods and services		
Group joint ventures	**13**	*6*

LOANS OWED TO/(DUE FROM) RELATED PARTIES

	Due within one year £000	Due after one year and within five years £000	Due after five years £000	Total £000	*2016 £000*
Group companies					
Group cash pooling balances	**(1,270)**	**-**	**-**	**(1,270)**	*2,604*
Veolia UK Limited	**93**	**-**	**48,000**	**48,093**	*48,103*
	(1,177)	**-**	**48,000**	**46,823**	*50,707*

Veolia UK Limited loan totalling £48,093k *(2016: £48,103k)*, including accrued interest of £93k *(2016: £103k)*, bears interest at a variable rate based on 3 month LIBOR plus 2.5% and a utilisation fee of 0.35%. The loan will be paid in full by December 2023.

20. POST BALANCE SHEET EVENTS

There have been no post balance sheet events impacting upon these financial statements.

21. IMMEDIATE PARENT AND CONTROLLING PARTY

The immediate parent company is Veolia ES Aurora Limited, a company incorporated in the UK.

The ultimate parent and controlling company is Veolia Environnement S.A., a company incorporated in France. Consolidated financial statements are prepared by Veolia Environnement S.A. Copies of the consolidated financial statements for Veolia Environnement S.A. are available from the registered office at 21 rue La Boétie, 75008, Paris, France.

Veolia Environnement S.A. is the smallest and largest group for which group financial statements, including Veolia ES Southwark Limited, are currently prepared.