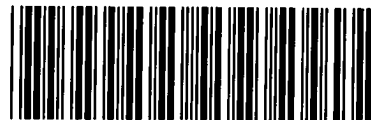


**KDC HOLDINGS LIMITED**  
**STRATEGIC REPORT, DIRECTORS' REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2018**

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COMPANIES HOUSE

## **KDC HOLDINGS LIMITED**

### **COMPANY INFORMATION**

|                            |                                                                                                                |
|----------------------------|----------------------------------------------------------------------------------------------------------------|
| <b>Directors</b>           | John Patrick Abraham<br>Christophe Bellynck<br>David Andrew Gerrard<br>Tracy Jayne Knipe<br>Ian David Williams |
| <b>Company secretary</b>   | Celia Rosalind Gough                                                                                           |
| <b>Registered number</b>   | 06396708                                                                                                       |
| <b>Registered office</b>   | 210 Pentonville Road<br>London<br>N1 9JY                                                                       |
| <b>Independent auditor</b> | Ernst & Young LLP<br>No. 1 Colmore Square<br>Birmingham<br>B4 6HQ                                              |

## **KDC HOLDINGS LIMITED**

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## **KDC HOLDINGS LIMITED**

### **STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2018**

#### **Introduction**

The Directors present their Strategic report for the year ended 31 December 2018.

The principal activity of KDC Holdings Limited ("the Company") is that of a holding company. The Company's main subsidiary specialises in decommissioning, demolition and land remediation and operates principally in the nuclear, petrochemical, pharmaceutical, energy & utility and industrial markets, based in Manchester and Grangemouth.

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&I group", a division of The Group, based in the UK and Ireland 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**

During the year the company transitioned from FRS 102 'The Financial Reporting Standard applicable in the UK and the Republic of Ireland' to FRS 101 'Reduced Disclosure Framework' and has taken advantage of the disclosure exemptions allowed under this standard. There are no material recognition and measurement differences arising from the adoption of FRS 101.

On 23 June 2018 the Company and its subsidiaries were acquired by Veolia ES (UK) Limited to further strengthen the UK&I group's existing operations in this market.

The loss for the year was £90k compared to a profit of £1,440k in 2017, largely as a result of dividends received of £1,678k in 2017. Furthermore administrative expenses have reduced from £167k to £69k in 2018, following the retirement of the former Managing Director prior to the acquisition by the UK&I group.

#### **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&I group as whole.

#### **Contractual risk**

The Company's business is affected by the reliability of its subsidiaries and joint ventures to pay dividends. The subsidiaries and joint ventures are 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&I 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.

Risks associated with meeting the contractual terms of the contract are mitigated through the ongoing day-to-day management of the operations of the contract including tracking performance against budget and targets identified in the contract and monthly reviews by the regional directors. Any contracts that are identified as being at particular risk during these reviews are the subject of specific initiatives to improve contract performance. Larger contracts and business units are separately reviewed at a UK&I group level on a monthly basis.

## **KDC HOLDINGS LIMITED**

### **STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2018**

#### **Principal risks and uncertainties (continued)**

##### **Contractual risk (continued)**

A subsidiary's longer term inability to pay dividends, or decline in performance may result in an impairment of the Company's investment in that subsidiary, which will have a direct impact on the Company's results in the year and net assets going forward.

##### **Business continuity**

The UK&I group is accredited with ISO 22301 (Business Continuity Management) and the Company and its subsidiaries maintain 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&I 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 ensures its subsidiaries remain fully committed to respecting the UK&I 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&I group operates within high risk environments and has a large number of road vehicles. As a result, it has an active risk culture and has implemented a 3 year strategic plan to help keep employees 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. A 'Think Safe' programme has been developed recognising the leadership and behaviours required at different levels of the organisation to support a positive safety culture. This has been supported by 'Think Safe' communications campaigns including Safety Week and the use of talking heads in which our people explain the impact accidents have had on them.

Although not directly related to the Company, tragically there have been three fatalities associated with Veolia operations within the UK, of which two were employees and one a member of the public. These incidents occurred despite safe systems of work being in place. At this time, our investigations are ongoing and we are also fully co-operating with all relevant authorities.

Generally, the UK performed well against the 2018 safety objectives with a 30% reduction in Lost-Time Injuries and Modified Duties and a reduction in days lost by 1500 days compared to 2017. There has also been an increase in Near Miss / Safety Concern reporting showing a 19% increase.

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 continues to be rolled out with a 120% increase in the number of incidents reported in its first 12 months.

The UK&I group and the Company have an open relationship with all regulatory bodies, including the various Environment Agency bodies across the UK. The UK&I 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 ISO 45001 (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 are continuously monitoring the performance and therefore consider the risk associated with health and safety, quality and environment to be acceptable.

## KDC HOLDINGS LIMITED

### STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2018

#### Principal risks and uncertainties (continued)

##### 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&I 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 and its subsidiaries are exposed to counter-party risk in various areas of their 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 subsidiaries' customers fail to honour their obligations under their contracts. The Company's subsidiaries largely trade with large well-established clients, and so the likelihood of this is considered low.

The UK&I group has allocated significant resources to a specific credit management team to minimise the credit risk in respect of its smaller, but equally well-established customers.

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

- Liquidity risk

Cash forecasts are undertaken regularly to ensure payment profiles can be honoured in full at the appropriate date.

- Foreign exchange risk

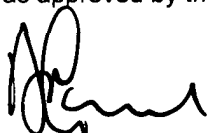
The Company has limited exposure to foreign currency risk in its normal trading activities as it operates in the UK and all of its trade and most of its purchases are procured in pound sterling. At each reporting date all financial assets and financial liabilities are denominated in pound sterling.

##### Other risks

Following the referendum which, despite recent uncertainty, is still expected to result in the UK leaving the European Union, The Group 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". Whilst making no formal statements on the subject since, The Group have continued with its plans to manage, develop and support the UK business in line with this statement.

The UK&I group have analysed the potential impact of the various options as to the date and terms of the UK departure from the European Union and are confident that there are plans and contingencies in place to avoid the business being unduly affected. The effect on our employees has been at the forefront of the UK&I group's plans, with the UK&I group continuing to maintain both formal and informal communication with affected employees. The UK&I group continue to monitor developments.

This report was approved by the board on 25 September 2019 and signed on its behalf.



David Andrew Gerrard  
Director

## **KDC HOLDINGS LIMITED**

### **DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2018**

The Directors present their report and the financial statements for the year ended 31 December 2018.

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 £90k (2017: *profit* £1,440k).

There were no dividends paid in the year under review (2017: *£nil*).

#### **Directors**

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

John Patrick Abraham (appointed 18 January 2019)  
Christophe Bellynck (appointed 21 June 2018)  
David Andrew Gerrard (appointed 21 June 2018)  
Tracy Jayne Knipe (appointed 18 January 2019)  
Ian David Williams (appointed 21 June 2018)  
Gerard Robert Gurney (resigned 21 June 2018)  
Peter Desmond Highton (resigned 21 June 2018)  
Kevin Anthony Hurst (appointed 21 June 2018, resigned 22 December 2018)  
Ian Smithson (resigned 21 June 2018)

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 £8,372k (2017: £8,462k), however, the Company also reported net current liabilities of £(1,318)k (2017: £(1,228)k). 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 enquiries 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&I group's budgeted cash flows and long-term forecasts, related assumptions, available debt facilities and continued UK&I group support. For this reason, the Directors continue to adopt the going concern basis in the statutory financial statements.

## **KDC HOLDINGS LIMITED**

### **DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2018**

#### **Future developments**

The Directors remain confident of the ability of the Company to continue its business as an intermediary holding company.

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&I group, to be well placed in all aspects of the environmental and waste management industry.

#### **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.

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&I 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&I 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&I 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&I 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 the Auditor**

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

- so far as the Director is aware, there is no relevant audit information of which the Company's 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.

**KDC HOLDINGS LIMITED**

**DIRECTORS' REPORT (CONTINUED)  
FOR THE YEAR ENDED 31 DECEMBER 2018**

**Auditor**

Under section 487(2) of the Companies Act 2006, Ernst & Young LLP will be deemed to have been reappointed as auditor 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 25 September 2019 and signed on its behalf.

A handwritten signature in black ink, appearing to read 'D. Gerrard', with a stylized, cursive script.

**David Andrew Gerrard**  
Director

## **KDC HOLDINGS LIMITED**

### **DIRECTORS' RESPONSIBILITIES STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2018**

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 SHAREHOLDERS OF KDC HOLDINGS LIMITED**

### **Opinion**

We have audited the financial statements of KDC Holdings Limited (the 'Company') for the year ended 31 December 2018, which comprise the Statement of comprehensive income, the Balance sheet, the Statement of changes in equity and the related notes 1 to 18, 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 Financial Reporting Standard 101 'Reduced Disclosure Framework'.

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2018 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. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### **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 our report, we do not express any form of assurance conclusion thereon.

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

We have nothing to report in this regard.

## **INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF KDC HOLDINGS LIMITED (CONTINUED)**

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

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

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

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

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

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

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

### **Responsibilities of directors**

As explained more fully in the Directors' responsibilities statement on page 7, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

### **Auditor's responsibilities for the audit of the financial statements**

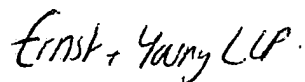
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an Auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee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

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

**INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF KDC HOLDINGS LIMITED  
(CONTINUED)**

**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.

A handwritten signature in black ink, appearing to read "Ernst & Young LLP".

Helen Hemming (Senior statutory auditor)

for and on behalf of

**Ernst & Young LLP, Statutory auditor**

Birmingham

30 September 2019

**KDC HOLDINGS LIMITED**

**STATEMENT OF COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 31 DECEMBER 2018**

|                                                       |             | <b>2018</b> | <b>2017</b>  |
|-------------------------------------------------------|-------------|-------------|--------------|
|                                                       | <b>Note</b> | <b>£000</b> | <b>£000</b>  |
| Administrative expenses                               |             | (69)        | (167)        |
| <b>Operating loss</b>                                 | <b>4</b>    | <b>(69)</b> | <b>(167)</b> |
| Income from fixed assets investments                  | 7           | 4           | 1,678        |
| Interest payable and similar charges                  | 8           | (32)        | (71)         |
| <b>(Loss)/profit before tax</b>                       |             | <b>(97)</b> | <b>1,440</b> |
| Tax on (loss)/profit                                  | 9           | 7           | -            |
| <b>(Loss)/profit for the financial year</b>           |             | <b>(90)</b> | <b>1,440</b> |
| Other comprehensive income                            |             | -           | -            |
| <b>Total comprehensive (loss)/income for the year</b> |             | <b>(90)</b> | <b>1,440</b> |

**KDC HOLDINGS LIMITED**  
**REGISTERED NUMBER:06396708**

**BALANCE SHEET**  
**AS AT 31 DECEMBER 2018**

|                                                | Note | 2018<br>£000   | 2017<br>£000   |
|------------------------------------------------|------|----------------|----------------|
| <b>Fixed assets</b>                            |      |                |                |
| Investments                                    | 10   | 9,690          | 9,690          |
|                                                |      | <u>9,690</u>   | <u>9,690</u>   |
| <b>Current assets</b>                          |      |                |                |
| Debtors: amounts falling due within one year   | 11   | 7              | 894            |
| Cash at bank and in hand                       |      | -              | 3              |
|                                                |      | <u>7</u>       | <u>897</u>     |
| Creditors: amounts falling due within one year | 12   | (1,325)        | (2,125)        |
| <b>Net current liabilities</b>                 |      | <u>(1,318)</u> | <u>(1,228)</u> |
| <b>Total assets less current liabilities</b>   |      | <u>8,372</u>   | <u>8,462</u>   |
| <b>Net assets</b>                              |      | <u>8,372</u>   | <u>8,462</u>   |
| <b>Capital and reserves</b>                    |      |                |                |
| Called up share capital                        | 13   | 100            | 100            |
| Share premium account                          | 14   | 8,208          | 8,208          |
| Profit and loss account                        |      | 64             | 154            |
|                                                |      | <u>8,372</u>   | <u>8,462</u>   |

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 25 September 2019.



**David Andrew Gerrard**  
Director

**KDC HOLDINGS LIMITED**

**STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 DECEMBER 2018**

|                                          | <b>Called up<br/>share<br/>capital<br/>£000</b> | <b>Share<br/>premium<br/>account<br/>£000</b> | <b>Profit and<br/>loss<br/>account<br/>£000</b> | <b>Total equity<br/>£000</b> |
|------------------------------------------|-------------------------------------------------|-----------------------------------------------|-------------------------------------------------|------------------------------|
| <b>At 1 January 2017</b>                 | <b>100</b>                                      | <b>8,208</b>                                  | <b>(1,286)</b>                                  | <b>7,022</b>                 |
| <b>Comprehensive income for the year</b> |                                                 |                                               |                                                 |                              |
| Profit for the year                      | -                                               | -                                             | 1,440                                           | 1,440                        |
| <b>At 1 January 2018</b>                 | <b>100</b>                                      | <b>8,208</b>                                  | <b>154</b>                                      | <b>8,462</b>                 |
| <b>Comprehensive income for the year</b> |                                                 |                                               |                                                 |                              |
| Loss for the year                        | -                                               | -                                             | (90)                                            | (90)                         |
| <b>At 31 December 2018</b>               | <b>100</b>                                      | <b>8,208</b>                                  | <b>64</b>                                       | <b>8,372</b>                 |

The notes on pages 14 to 22 form part of these financial statements.

## KDC HOLDINGS LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

#### 1. General information

KDC Holdings 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).

On 1 January 2018 the Company adopted IFRS 9 'Financial Instruments' on a retrospective basis. There have been no material impacts on the Company's financial statements from adopting this standard.

The Company has taken advantage of the exemption under s400 of the Companies Act 2006 not to prepare group accounts as it is a wholly owned subsidiary of Veolia Environnement S.A. (incorporated in France). Copies of the consolidated financial statements of Veolia Environnement S.A. can be obtained from the registered office at 21 rue La Boétie, 75008 Paris, France. These accounts therefore only present the result of the Company as an individual entity.

In addition, the Company is also consolidated in the consolidated financial statements of Veolia Environmental Services (UK) Plc, an intermediate parent undertaking. Copies of the consolidated financial statements for Veolia Environmental Services (UK) Plc are available from the registered office at 210 Pentonville Road, London, N1 9JY.

##### 2.2 First time application of FRS 101

In the current year the Company transitioned from FRS 102 to FRS 101 for all periods presented. The Company has made no measurement of recognition adjustments to previous reported equity, net assets or profit after tax on the first time adoption of FRS 101. The company's transition date was 1 January 2017.

The following principal accounting policies have been applied:

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2018**

**2. Accounting policies (continued)**

**2.3 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;
- 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 130(f)(ii), 130(f)(iii), 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.

**2.4 Going concern**

The Company's balance sheet is robust with net assets of £8,372k (2017: £8,462k), however, the Company also reported net current liabilities of £(1,318)k (2017: £(1,228)k). 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&I group's budgeted cash flows and long-term forecasts, related assumptions, available debt facilities and continued UK&I group support. For this reason, the Directors continue to adopt the going concern basis in the statutory financial statements

**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.

**2.6 Valuation of investments**

The Company records its investments at historical cost less impairment. The investments are reviewed regularly for signs of impairment. Should there be evidence of impairment, the quantum of that impairment will be assessed by the use of a discounted cash flow analysis of that investment. Any impairment may be reversed in subsequent years but the revised value of the investment will not exceed its historic cost.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2018**

**2. Accounting policies (continued)**

**2.7 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 derecognised 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 of financial assets**

The Company recognises an allowance for expected credit losses ("ECLs") for all debt instruments not held at fair value through profit or loss. ECLs are recognised in two stages:

- for credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL);
- for those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

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.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2018**

**2. Accounting policies (continued)**

**Financial instruments (continued)**

**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.

**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 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.

**2.8 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 and accrued at the Balance sheet date.

**2.9 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.

## KDC HOLDINGS LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

#### 2. Accounting policies (continued)

##### 2.10 Pension plans and other post-employment benefits

The UK&I group offers a pension scheme to every member of staff and operates both defined contribution and defined benefit schemes. The assets of the schemes are invested and managed independently of the finances of The Group.

All of the Company's employees belong to defined contribution plans, where the Company pays an agreed contribution to a separate entity, relieving it from any liability for future payments. These obligations are expensed in the Statement of comprehensive income when due.

##### 2.11 Taxation

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.

#### 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.

With the exception of the assumptions made in respect to the valuation of its investment holdings, management have not made any material estimates or judgments that may result in a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

#### 4. Operating loss

The operating loss is stated after charging:

|                                                                            | 2018<br>£000 | 2017<br>£000 |
|----------------------------------------------------------------------------|--------------|--------------|
| Auditor's remuneration for audit of the financial statements (the Company) | 11           | 5            |

# KDC HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

### 5. Staff costs

Staff costs were as follows:

|                       | 2018<br>£000 | 2017<br>£000 |
|-----------------------|--------------|--------------|
| Wages and salaries    | 28           | 58           |
| Social security costs | 3            | 7            |
|                       | <u>31</u>    | <u>65</u>    |

As with many groups of our size, employees are often contractually employed by other companies within the UK&I group. The majority of UK&I 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:

|                         | 2018<br>No. | 2017<br>No. |
|-------------------------|-------------|-------------|
| Office & administration | <u>1</u>    | <u>1</u>    |

### 6. Directors' remuneration

|                                           | 2018<br>£000 | 2017<br>£000 |
|-------------------------------------------|--------------|--------------|
| Directors' emoluments paid by the Company | <u>31</u>    | <u>65</u>    |

The cost attributable to the highest paid Director was received remuneration of £31k (2017: £65k), including £nil (2017: £nil) in relation to the costs of defined contribution pension schemes.

1 (2017: 1) Director is paid by the Company, but also performs services for other companies within the UK&I Group. The remaining Directors are paid by, and perform services for, other companies within the Group alongside their services to the Company.

Whilst not being paid by the Company, in 2018, the other Directors' costs have been apportioned to the principal companies they serve within the UK&I group. However it is considered that their duties as Directors of the Company are purely incidental to their main role and so no further allocation has been made to the Company in either 2018 or 2017.

### 7. Income from fixed asset investments

|                                                  | 2018<br>£000 | 2017<br>£000 |
|--------------------------------------------------|--------------|--------------|
| Interim dividends from Group fellow subsidiaries | <u>4</u>     | <u>1,678</u> |

# KDC HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

### 8. Interest payable and similar charges

|                        | 2018<br>£000 | 2017<br>£000 |
|------------------------|--------------|--------------|
| Other interest payable | 32           | 71           |

### 9. Taxation

|                                                         | 2018<br>£000 | 2017<br>£000 |
|---------------------------------------------------------|--------------|--------------|
| <b>Corporation tax</b>                                  |              |              |
| Current tax on (loss)/profit for the year               | (7)          | -            |
| <b>Total current tax</b>                                | (7)          | -            |
| <b>Taxation on (loss)/profit on ordinary activities</b> | (7)          | -            |

#### Factors affecting tax charge for the year

The tax assessed for the year is higher than (2017 - *lower than*) the standard rate of corporation tax in the UK of 19.00% (2017 - 19.25%). The differences are explained below:

|                                                                                                                         | 2018<br>£000 | 2017<br>£000 |
|-------------------------------------------------------------------------------------------------------------------------|--------------|--------------|
| (Loss)/profit on ordinary activities before tax                                                                         | (97)         | 1,440        |
| (Loss)/profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19.00% (2017 - 19.25%) | (18)         | 277          |
| <b>Effects of:</b>                                                                                                      |              |              |
| Expenses not deductible for tax purposes                                                                                | 11           | 46           |
| Dividends from UK companies                                                                                             | -            | (323)        |
| <b>Total tax credit for the year</b>                                                                                    | (7)          | -            |

#### Factors that may affect future tax charges

There were no factors that may affect future tax charges.

**KDC HOLDINGS LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2018**

**10. Investments**

|                          | <b>Investments<br/>in<br/>subsidiary<br/>companies<br/>£000</b> |
|--------------------------|-----------------------------------------------------------------|
| <b>Cost or valuation</b> |                                                                 |
| At 1 January 2018        | 9,690                                                           |
| At 31 December 2018      | <u>9,690</u>                                                    |

All the Company's direct holdings in subsidiaries, joint ventures, associates and other significant interests are shown below and are registered at either 210 Pentonville Road, London, N1 9JY ("210") or 1 Robeson Way, Sharston Green Business Park, Manchester, M22 4SW ("Manchester"). All the Company's indirect holdings in subsidiaries, joint ventures, associates and other significant interests are listed in note 17.

**Direct subsidiary undertakings**

| <b>Name</b>                     | <b>Registered address</b> | <b>Class of shares</b> | <b>Holding</b> | <b>Principal activity</b>                                   |
|---------------------------------|---------------------------|------------------------|----------------|-------------------------------------------------------------|
| KDC Contractors Limited         | 210                       | Ordinary               | 100 %          | Decommissioning, demolition and land remediation services   |
| Recycled Assets Trading Limited | Manchester                | Ordinary               | 100 %          | Disposed of on 21 June 2018 and dissolved on 8 January 2019 |

**11. Debtors: Amounts falling due within one year**

|                             | <b>2018<br/>£000</b> | <b>2017<br/>£000</b> |
|-----------------------------|----------------------|----------------------|
| Other debtors               | -                    | 890                  |
| Prepayments                 | -                    | 4                    |
| Corporation tax recoverable | 7                    | -                    |
|                             | <u>7</u>             | <u>894</u>           |

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

|                                                 | <b>2018<br/>£000</b> | <b>2017<br/>£000</b> |
|-------------------------------------------------|----------------------|----------------------|
| Trade creditors                                 | -                    | 310                  |
| Short-term loans from Group fellow subsidiaries | 1,316                | 1,806                |
| Accruals                                        | 9                    | 9                    |
|                                                 | <u>1,325</u>         | <u>2,125</u>         |

## KDC HOLDINGS LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

#### 13. Share capital

|                                                       | 2018<br>£000 | 2017<br>£000 |
|-------------------------------------------------------|--------------|--------------|
| <b>Allotted, called up and fully paid</b>             |              |              |
| 100,000 (2017: 100,000) ordinary shares of £1.00 each | <u>100</u>   | <u>100</u>   |

#### 14. Share premium

This reserve records the amount above the nominal value received for shares sold, less transaction costs.

#### 15. 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 with fellow wholly owned subsidiaries.

Balances outstanding as at 31 December 2018 with all related parties are shown in notes 11 and 12.

There were no trading transactions entered into during the year to 31 December 2018 with other related parties.

#### 16. Post balance sheet events

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

#### 17. Indirect holdings in subsidiary undertakings and joint ventures

All the Company's indirect holdings in subsidiaries, joint ventures, associates and other significant interests are shown below and are registered at 210 Pentonville Road, London, N1 9JY ("210").

##### 17.1 Subsidiary undertakings

| Name                     | Registered address | Class of shares | Holding | Principal activity |
|--------------------------|--------------------|-----------------|---------|--------------------|
| K-Land Solutions Limited | 210                | Ordinary        | 100 %   | Dormant entity     |

#### 18. Immediate parent and controlling party

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

Veolia Environmental Services (UK) Plc is an intermediate parent undertaking that prepares consolidated financial statements, including KDC Holdings Limited, that are publicly available. Copies of the consolidated financial statements for Veolia Environmental Services (UK) Plc are available from the registered office at 210 Pentonville Road, London, N1 9JY.

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.