RENEWI UK SERVICES LIMITED
(formerly Shanks Waste Management Limited)

Registered number 02393309

REPORT AND FINANCIAL STATEMENTS

For the year ended 31 March 2018

RENEWI UK SERVICES LIMITED

CONTENTS

RENEWI UK SERVICES LIMITED

STRATEGIC REPORT

The Directors present their Strategic Report for the Company for the year ended 31 March 2018.

Principal activities, business review and future outlook

On 9 October 2017 the Company changed its name from Shanks Waste Management Limited to Renewi UK Services Limited.

The principal activities of the Company during the year were the operation of waste processing and disposal services for local authorities and industry.

Revenue on continuing operations increased by 2% to £170,070,000 (2017: 7% to £167,281,000).

Despite the increase in revenue the Company had a challenging year with gross profit before exceptionals falling by 37% (2017: 29% decrease) and operating losses before exceptional items of £7,010,000 (2017: £5,290,000). The PFI sector in the UK has continued to face significant challenges. An increasing number of PFI contracts have come under pressure as a result of austerity measures, poor performance or because the contracts have proven to be inappropriate in the current market environment. Within this unfavourable market our portfolio of assets has been vulnerable contractually to the volatile recovered fuel markets, rising (continental) European incinerator gate fees and the weakness of Sterling. We are actively managing this through ongoing operational improvements, contractual negotiations with customers and, where appropriate, management actions to exit specific activities. Such initiatives include signing new refuse derived fuel (RDF) export agreements to reduce cost, the sale of Westcott Park and planned termination of the Dumfries & Galloway PFI contract. These initiatives are expected to reduce losses materially in the year ahead.

During the year the Directors' reassessment of the risks in delivering long term profitability in the Company's contracts resulted in an exceptional impairment of contract right intangible assets of £1,953,000. Charges for onerous contracts have been recorded against the Wakefield and BDR operating contracts of £56,682,000. A provision release of £1,121,000 was recognised in relation to Cumbria following successful management action to resolve operational and compliance issues.

On 28 March 2018 the Company completed the sale of the loss-making anaerobic digestion facility at Westcott Park. The total cost to the Company was £14,039,000 which included a disposal of assets, fees related to the sale and the creation of a warranty provision against any future costs.

Following ongoing losses on the Dumfries and Galloway (D&G) contract the decision was taken to initiate the termination of the operating contract. This resulted in an increase of the D&G onerous contract provision of £8,256,000. Termination was completed on 10 September 2018.

The total comprehensive expense for the financial year transferred to reserves was £84,373,000 (2017: £67,397,000). Net liabilities at the end of the year were at £95,631,000 (2017: £11,258,000).

Key performance indicators (KPIs)

	2018	2017
Increase in revenue - continuing operations	2%	7%
Increase/(decrease) in gross profit before exceptional items	(37)%	(29)%
Gross profit margin - before exceptional items	12%	8%
Total amount of waste handled ('000 tonnes)	1,469	1,494
Percentage of waste recovered or recycled	90%	83%

The Renewi plc Corporate Social Responsibility Report 2018 details environmental, health and safety and human resources performance data for the Group for the year ended 31 March 2018.

RENEWI UK SERVICES LIMITED

STRATEGIC REPORT - *continued*

Principal risks and uncertainties

The Company's ultimate controlling parent is Renewi plc. Risks are managed at a group level in accordance with the risk management framework of Renewi plc. The principal risks and uncertainties of Renewi plc are discussed in its Annual Report and Accounts for the year ended 31 March 2018.

Financial risk management

A discussion of the objectives and policies employed in managing risk and the Company's use of financial instruments can be found in the Renewi plc Annual Report and Accounts for the year ended 31 March 2018.

Future outlook

The Company expects to report materially reduced losses in the year ahead as a result of ongoing commercial and operational gains in ELWA and Cumbria contracts. Management continue to work to deliver the recovery plan to stabilise and de-risk the business by reducing losses by implementing new off-take contracts at improved prices, addressing ongoing operational challenges in less profitable contracts and continuing to reduce costs at loss-making contract, and by commissioning the Derby project.

On behalf of the board

N R Miles
Director
3 December 2018

Registered office
Dunedin House
Auckland Park
Mount Farm
Milton Keynes
Buckinghamshire
MK1 1BU
Registered number: 02393309

RENEWI UK SERVICES LIMITED

DIRECTORS' REPORT

The Directors present their report and the audited financial statements of the Company for the year ended 31 March 2018.

Dividends

During the year dividends of £341,000 (2017: £120,000) were received from an associate, £700,000 (2017: £nil) from a joint venture and £nil (2017: £nil) from the Company's subsidiaries.

The Directors do not recommend payment of a final dividend (2017: £nil).

Directors

The directors who held office during the year, and up to the date of signing the financial statements except where stated, were as follows:

N R Miles
J A Priestley
M A Turner (resigned 14 November 2018)
T R Woolrych

Employment policies

There is a continuing commitment in the Company to provide employees with information and undertake consultation on matters of concern to them with a view to ensuring an awareness of the financial and economic factors affecting the performance of the Company. The procedures adopted involve both formal and informal meetings with employees and their representatives.

Awards and Options have been granted under the Renewi plc Long Term Incentive Plan and the Renewi plc Savings-Related Share Option Scheme. Full details of these Schemes are shown in the Annual Report and Accounts of Renewi plc for the year ended 31 March 2018.

It is the continuing policy of the Company to provide employment for disabled people and employees who become disabled provided it is practical to offer suitable work. The training, career development and promotion of disabled employees are undertaken whenever possible, in accordance with the needs of the individuals concerned.

Independent auditors

Pursuant to Section 487 of the Companies Act 2006, the auditors will be deemed to be reappointed and PricewaterhouseCoopers LLP will therefore continue in office.

Future developments

Future developments have been discussed on page 3 within the Strategic Report.

Going concern

The financial statements are prepared on a going concern basis, as it is the intention of Renewi plc to take steps to make arrangements for present, future or contingent obligations of the Company, both for capital and interest, to be met for the foreseeable future.

Statement of Directors' Responsibilities

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 prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law). Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

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

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable United Kingdom Accounting Standards, including FRS 101 have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006.

The Directors are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention of fraud and other irregularities.

In the case of each Director in office at the date the Directors' Report is approved:

(a) so far as the Director is aware, there is no relevant audit information of which the Company's auditors are unaware; and
(b) they have taken all the steps that they ought to have taken as a Director in order to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

On behalf of the board

N R Miles
Director
3 December 2018

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF RENEWI UK SERVICES LIMITED

Report on the financial statements

Our opinion

In our opinion, Renewi UK Services Limited's financial statements (the "financial statements"):

- give a true and fair view of the state of the Company's affairs as at 31 March 2018 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Framework", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Report and Financial Statements (the "Annual Report"), which comprise: the Balance Sheet as at 31 March 2018; the Statement of Comprehensive Income for the year ended 31 March 2018, and the Statement of Changes in Equity for the year ended 31 March 2018; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

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

Independence

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

Conclusions relating to going concern

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

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

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

Reporting on other information

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

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

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF RENEWI UK SERVICES LIMITED - continued

Reporting on other information - continued

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

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

Strategic Report and Directors' Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic Report and Directors' Report for the year ended 31 March 2018 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

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

Responsibilities for the financial statements and the audit

Responsibilities of the Directors for the financial statements

As explained more fully in the Statement of Directors' Responsibilities set out on page 5, the Directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The Directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditors' responsibilities for the audit of the financial statements

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

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

Use of this report

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

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF RENEWI UK SERVICES LIMITED - continued

Other required reporting

Companies Act 2006 exception reporting

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

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

We have no exceptions to report arising from this responsibility.

Matthew Mullins (Senior Statutory Auditor)
For and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London

5December 2018

RENEWI UK SERVICES LIMITED
REGISTERED IN ENGLAND NUMBER 02393309

STATEMENT OF COMPREHENSIVE INCOME
For the year ended 31 March 2018

	Note	2018 £'000	2017 £'000
Revenue	3	170,070	167,281
Cost of sales (including exceptional items)		(224,119)	(208,258)
Gross loss		(54,049)	(40,977)
Administrative expenses (including exceptional items)		(28,519)	(23,431)
Other operating income	5	125	125
Operating loss	4	(82,443)	(64,283)
Operating loss before exceptional items		(7,010)	(5,290)
Exceptional items	4	(75,433)	(58,993)
Operating loss after exceptional items		(82,443)	(64,283)
Income from shares in investments	9	1,041	120
Finance income	10	278	297
Finance charges	11	(1,732)	(2,805)
Loss before taxation		(82,856)	(66,671)
Taxation	12	(2,035)	98
Loss for the year from continuing operations		(84,891)	(66,573)
Profit/(loss) for the year from discontinued operations	8	518	(509)
Loss for the financial year		(84,373)	(67,082)
Other comprehensive expense			
Items that will not be reclassified to profit or loss:			
Fair value movement on cash flow hedges		-	(384)
Deferred tax on fair value movement on cash flow hedges		-	69
Other comprehensive expense for the year, net of income tax		-	(315)
Total comprehensive expense for the year		(84,373)	(67,397)

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

RENEWI UK SERVICES LIMITED
REGISTERED IN ENGLAND NUMBER 02393309

BALANCE SHEET
As at 31 March 2018

	Note	2018 £'000	2017 £'000
Assets			
Non-current assets			
Intangible assets	13	12,276	11,204
Property, plant and equipment	14	1,742	10,408
Investments	15	5,411	5,458
Trade and other receivables	16	633	777
Deferred tax assets	17	5,300	8,300
		25,362	36,147
Current assets			
Trade and other receivables	16	35,447	36,972
Inventories	18	1,488	1,251
Current tax receivable		1,344	151
Cash and cash equivalents		-	6,011
		38,279	44,385
Total assets		63,641	80,532
Liabilities			
Non-current liabilities			
Other non-current liabilities	19	(2,256)	(2,338)
Provisions	20	(71,785)	(16,772)
		(74,041)	(19,110)
Current liabilities			
Trade and other payables	19	(64,194)	(53,718)
Provisions	20	(19,550)	(18,962)
Borrowings	21	(1,487)	-
		(85,231)	(72,680)
Total liabilities		(159,272)	(91,790)
Net liabilities		(95,631)	(11,258)
Equity			
Share capital	22	54,240	54,240
Share premium account		108,177	108,177
Accumulated losses		(258,047)	(173,675)
Total deficit		(95,631)	(11,258)

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

The financial statements on pages 9 to 32 were approved by the Board of Directors on 3 December 2018 and were signed on its behalf by:

N R Miles
Director

RENEWI UK SERVICES LIMITED
REGISTERED IN ENGLAND NUMBER 02393309

STATEMENT OF CHANGES IN EQUITY
For the year ended 31 March 2018

	Share capital £'000	Share premium account £'000	Accumulated losses £'000	Total funds/ (deficit) £'000
Balance at 1 April 2016	54,153	64,870	(106,278)	12,745
Total comprehensive expense for the year				
Loss for the financial year	-	-	(67,082)	(67,082)
Other comprehensive expense	-	-	(315)	(315)
Total comprehensive expense for the year	-	-	(67,397)	(67,397)
Transactions with owners recorded directly in equity				
Proceeds from shares issued	87	43,307	-	43,394
Balance at 31 March 2017	54,240	108,177	(173,675)	(11,258)

	Share capital £'000	Share premium account £'000	Accumulated losses £'000	Total deficit £'000
Balance at 1 April 2017	54,240	108,177	(173,675)	(11,258)
Total comprehensive expense for the year				
Loss for the financial year	-	-	(84,373)	(84,373)
Total comprehensive expense for the year	-	-	(84,373)	(84,373)
Balance at 31 March 2018	54,240	108,177	(258,047)	(95,631)

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

1 Accounting Policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the financial statements, except where noted.

General information

Renewi UK Services Limited (the "Company") is a Company incorporated and domiciled in the United Kingdom. The address of the registered office is given in the Strategic Report.

The Company's ultimate parent undertaking, Renewi plc, includes the Company in its consolidated financial statements. The consolidated financial statements of Renewi plc are prepared in accordance with International Financial Reporting Standards and are available to the public and may be obtained from Dunedin House, Auckland Park, Milton Keynes, Buckinghamshire, MK1 1BU.

Basis of preparation

The financial statements have been prepared on the historical cost basis, as modified by the revaluation of financial assets and financial instruments, in accordance with applicable law, the Companies Act 2006 and Financial Reporting Standard 101 'Reduced Disclosure Framework (FRS 101)'. The presentation currency of these financial statements is sterling and all amounts have been rounded to the nearest £1,000.

The Company is exempt by virtue of s400 of the Companies Act 2006 from the requirement to prepare group financial statements. These financial statements present information about the Company as an individual undertaking and not about its group.

The Company is a qualifying entity and has applied the following disclosure exemptions in the preparation of the financial statements under FRS 101:

- a Cash Flow Statement and related notes;
- disclosures in respect of related party transactions for wholly owned subsidiaries within a group;
- disclosures in respect of capital management;
- disclosures in respect of financial instruments under IFRS 7;
- the effects of new but not yet effective IFRSs;
- disclosures in respect of the compensation of Key Management Personnel; and
- disclosures of transactions with a management entity that provides key management personnel services to the company.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements.

Judgements made by the Directors, in the application of these accounting policies that have significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are discussed in note 2.

Going concern

The financial statements are prepared on a going concern basis, as it is the intention of Renewi plc to take steps to make arrangements for present, future or contingent obligations of the Company, both for capital and interest, to be met for the foreseeable future.

Revenue recognition

Revenue

Revenue represents the fair value of consideration received or receivable, including landfill tax but excluding value added tax and discounts for goods and services provided in the normal course of business. Revenue is recognised when it can be reliably measured and when it is probable that future economic benefits will flow to the entity.

1 Accounting Policies - continued

Revenue recognition - continued

Revenue recognition criteria for the key types of transactions are as follows:

- waste processing services - where the Company's revenue contract includes an obligation to process waste revenue is recognised as processing occurs;
- sales of recyclate materials and products from waste - revenue is based on contractually agreed prices and is recognised when the risks and rewards have passed to the buyer; and
- Income from power generated from gas produced by processes at anaerobic digestion facilities and landfill sites is recognised at the time of supply based on the volumes of energy produced and an estimation of the amount to be received.

Accrued income

Accrued income at the balance sheet date is recognised at the fair value based on contractually agreed prices. It is subsequently invoiced and accounted for as a trade receivable.

Deferred revenue

Under the terms of the PPP/PFI contracts, the Company holds sub-contract agreements to maintain the infrastructure such that it is handed over by the fellow group or related party undertaking to the local authority in good working order. Where such expenditure required to fulfil these obligations constitutes major refurbishments and renewals (lifecycle expenditure), and the amounts recoverable from the fellow group/related party undertaking falls short of the amounts required to discharge the obligation, a deduction from revenue is recorded for the best estimate of these costs as the facility is used.

Unprocessed waste

Unprocessed waste may give rise to deferred revenue, where invoices to customers are raised in advance of performance obligations being completed, or an accrual for the costs of disposing of residual waste is created once the Company has an obligation for its disposal. These amounts are shown in deferred revenue or accruals in the financial statements as appropriate.

Finance charges

Finance charges comprise interest payable on bank loan facilities, intercompany loans and the unwinding of discounts on provisions held. Interest expense is recognised using the effective interest method.

Finance income

Finance income comprises interest receivable on bank balances and related party loans. Interest income is recognised using the effective interest method.

Dividends

Dividend income is recognised when the right to receive payment is established.

Dividend distributions to the Company's shareholder are recognised as a liability in the Company's financial statements in the year in which they are approved.

1 Accounting Policies - continued

Intangible assets

Goodwill

Goodwill represents the excess of the purchase consideration over the fair value of the net identifiable assets of the acquired subsidiary at the date of acquisition and is measured at cost less accumulated impairment losses.

For the purpose of impairment testing, goodwill is allocated to those CGUs or groups of CGUs that are expected to benefit from the synergies of the business combination. Goodwill is tested annually for impairment or more frequently if events or changes in circumstances indicate a potential impairment. Any impairment is charged immediately to profit or loss and is not reversed in a subsequent period.

Contract rights

Where the Company has secured the construction and long term operations and maintenance sub-contracts from fellow group undertakings, which hold Private Finance Initiative (PFI) and Public Private Partnership (PPP) contracts, additional costs incurred on the construction sub-contract, which are not recoverable from the PFI and PPP contracts, are capitalised as an intangible asset.

For intangible assets arising in respect of long term PFI and PPP contracts, the asset is written off over the life of the related operating and maintenance sub-contract, which may exceed 20 years, and impairment reviews take place in accordance with IAS 36.

Computer software

Computer software is amortised over 1 to 5 years.

Property, plant and equipment

Property, plant and equipment, except for freehold land and assets under construction, is stated at cost less accumulated depreciation and provision for impairment. Cost includes the original purchase price of the asset and the costs attributable to bringing the asset to its working condition for its intended use. Freehold land and assets under construction are not depreciated. The asset's residual values and useful lives are reviewed and adjusted if appropriate at the end of each reporting period.

Buildings, plant and machinery

Depreciation is provided on these assets to write off their cost (less the expected residual value) on a straight line basis over the expected useful economic lives as follows:

Buildings	3 to 30 years
Plant and machinery	3 to 10 years

Leasehold land and buildings

Leasehold land and buildings are written off over the term of the lease.

Impairment of non-financial assets

Assets other than goodwill are reviewed for impairment whenever events or circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying value exceeds its recoverable amount. The recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value. An impairment loss is recognised immediately as an operating expense, and at each reporting date the impairment is reviewed for possible reversal.

1 Accounting Policies - continued

Investments

Investments are stated at cost in the balance sheet less any provision for impairment in value.

Operating leases

Rentals payable under operating leases are charged to profit or loss on a straight-line basis over the term of the relevant lease. The future aggregate minimum lease payments for operating leases are shown in note 25.

Inventories

Inventories are stated at the lower of cost and net realisable value on a first in first out basis.

Provisions

Provisions are recognised where there is a present legal or constructive obligation as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the effect of the time value of money is material the value of a provision is the present value of the expenditures expected to be required to settle the obligation. The discount rates are reviewed at each year end with consideration given to appropriate market rates and the risk in relation to each provision. The unwinding of the discount to present value is included within finance costs.

Aftercare provision

Post closure of landfill sites, including items such as monitoring, gas and leachate management and licensing, have been estimated by management based on the current best practice and technology available. These costs may be impacted by a number of factors including changes in legislation and technology. The dates of payments of these aftercare costs are uncertain but are anticipated to be over a period of approximately 30 years from closure of the relevant landfill site.

Other provision

Provision for other foreseen expenses, including restructuring, legal and damages.

Onerous contract provision

Onerous contract provisions are recognised when under a contract the unavoidable costs of meeting the obligation exceed the economic benefits expected to be received.

Discounting

Long term provisions are calculated based on the NPV of estimated future costs. The effects of inflation and unwinding of the discount element on existing provisions are reflected in the financial statements as a finance charge.

Discount unwind receivable in the future is recorded based on the NPV of future receipts. The unwind of the discount is reflected in the financial statements as finance income.

1 Accounting Policies - continued

Retirement benefits

Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which the Company pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an expense in profit or loss in the periods during which services are rendered by employees.

Defined benefit plans

A small number of the Company's employees are members of defined benefit pension schemes. The Company is unable to identify its share of the assets and liabilities of the scheme and is permitted under IAS 19 (revised) Employee Benefits to treat this section of the scheme as a defined contribution scheme. Further details are set out in note 24.

Pension costs are charged to profit or loss as the payments to the scheme falls due.

Taxation

Current tax

Current tax is based on taxable profit or loss for the year. Taxable profit differs from profit before tax in the profit or loss because it excludes items of income or expense that are taxable or deductible in other years or that are never taxable or deductible. The asset or liability for current tax is calculated using tax rates and laws that have been enacted, or substantively enacted, at the balance sheet date.

Deferred tax

Deferred tax is recognised in full where the carrying value of assets and liabilities in the financial statements is different to the corresponding tax bases used in the computation of taxable profits. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that the taxable profits will be available against which deductible temporary differences can be utilised. Deferred tax is calculated at the tax rates that have been substantively enacted at the balance sheet date. Deferred tax provisions have not been discounted.

Deferred tax is charged or credited in profit or loss, except where it relates to items charged or credited directly to equity in which case the deferred tax is also dealt with in equity.

Deferred income tax liabilities are not provided on taxable temporary differences arising from investments in subsidiaries, associates and joint arrangements as the timing of the reversal of the temporary difference is controlled by the Company and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities.

Foreign currencies

Balance sheet items in foreign currencies are translated into sterling at the year end exchange rates. Exchange differences on these and any other trading transactions in foreign currency are dealt with in profit or loss.

1 Accounting Policies - continued

Impairment of financial assets

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. For financial instruments measured at cost less impairment an impairment is calculated as the difference between its carrying amount and the best estimate of the amount that the Company would receive for the asset if it were to be sold at the reporting date. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

Deferred consideration

Deferred consideration is provided for at the NPV of the Company's expected receipt at the date of disposal. Any differences between consideration accrued and consideration received is charged or released to profit or loss.

Financial instruments

Trade receivables

Trade receivables do not carry interest and are recognised initially at their fair value and are subsequently measured at amortised cost less provision for impairment. A provision for impairment of trade receivables is established when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of the receivables. The amount of the provision is the difference between the asset's carrying value and the value of estimated future cash flows. Subsequent recoveries of amounts previously written off are credited in profit or loss.

Cash and cash equivalent

Cash and cash equivalents comprise cash balances and call deposits with a maturity of three months or less.

Trade payables

Trade payables are not interest bearing and are stated initially at fair value and subsequently held at amortised cost.

External borrowings

Interest-bearing loans are recorded at the proceeds received, net of direct issue costs and subsequently net of repayments. Finance charges, including premiums payable on settlement or redemption and direct issue costs, are accounted for on an accruals basis in profit or loss and are added to the carrying amount of the borrowings to the extent that they are not settled in the period in which they arise.

Other receivables and other payables

Other receivables and other payables are initially recognised at fair value and subsequently measured at amortised cost.

1 Accounting Policies - continued

Financial instruments - continued

Derivative financial instruments and hedging activities

In accordance with its treasury policy, the Company only holds derivative financial instruments to manage the Company's foreign exchange risk on off-take contracts. The Company does not hold or issue derivative financial instruments for trading or speculative purposes.

The change in the fair value of the portion of the hedging instrument that is determined to be an effective hedge is recognised in equity and subsequently recycled to profit or loss when the hedged cash flow impacts profit or loss. The ineffective portion of the fair value of the hedging instrument is recognised immediately in profit or loss.

Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated, exercised or no longer qualifies for hedge accounting. At that time, any cumulative gain or loss on the hedging instrument recognised in equity is retained in equity until the forecast transaction occurs at which point it is recognised in profit or loss. If a hedged transaction is no longer expected to occur, the net cumulative gain or loss recognised in equity is recognised in profit or loss immediately.

Details of the fair values of the derivative financial instruments used for hedging purposes are disclosed in note 23.

2 Key accounting judgements and estimates

The preparation of financial statements in accordance with FRS 101 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 areas involving a higher degree of judgement or complexity are set out below and in more detail in the related notes.

Impairment of intangible assets

In conducting the impairment review on goodwill and intangible assets, management is required to make estimates of pre-tax discount rates, future profitability and growth rates.

Exceptional items

Exceptional items are disclosed separately due to their size or incidence to enable better understanding of performance. These include, but are not limited to, significant impairments, significant restructuring of the activities of an entity including employee associated severance costs, acquisition and disposal related transaction costs, integration costs, synergy delivery costs, significant fires, onerous contracts, profit or loss on disposal of properties or subsidiaries, as these are irregular, and amortisation of acquisition intangibles.

Exceptional items are considered individually and assed at each reporting period.

Provisions

Onerous contract provisions are recognised in the financial statements at the net present value of the estimated operating losses on the contracts. A discount is applied to recognise the time value of money and is unwound over the life of the provision. Further information is set out in note 21.

3 Revenue

The revenue is wholly attributable to the Company's business of waste management in the United Kingdom.

4 Operating loss

	2018 £'000	2018 £'000	2017 £'000	2017 £'000
The operating loss is stated after charging/(crediting):				
Depreciation of property, plant and equipment		1,083		1,353
Amortisation of intangible assets		526		784
Operating lease charges - plant and machinery		885		931
Property rents payable		1,764		1,527
Repairs and maintenance expenditure		11,022		12,157
Auditors' remuneration for audit services		69		103
Exceptional items				
Onerous contract provisions	56,682		25,852	
Portfolio management	22,295		-	
Other contract issues	(4,423)		-	
Impairment of intangible assets	1,953		16,654	
Other provisions	(1,121)		4,844	
Impairment of property, plant and equipment	-		6,000	
Operational costs	-		3,966	
Impairment of investments	47		1,677	
Total Exceptional items		75,433		58,993

Exceptional costs

Onerous contract provision
The charge of £56,682,000 (2017: £25,852,000) relates to an additional provision of £27,182,000 (2017: £6,343,000) at BDR and a new provision of £29,500,000 (2017: £nil) at Wakefield respectively given the financial and operational performance of these assets this year and specifically the material underperformance in organic throughput, subsidies and off-take pricing compared with the original contractual assumptions made many years ago. The prior year charge also included increases to the A&B, Cumbria and D&G onerous contract provisions, a specific loss-making contract under the ELWA operating contract and provisions for incremental capital works required at BDR and Wakefield to enable the plants to function as intended.

The total charge of £56,862,000 is recorded in cost of sales.

Portfolio management
The charge of £22,295,000 included the exit of the loss-making anaerobic digestion facility at Westcott Park and the decision to initiate the termination of the D&G PFI operating contract. The Company completed the sale of the Westcott park facility on 28 March 2018 resulting in a loss on disposal and related costs of £14,039,000. Discussions are ongoing with the D&G council and other stakeholders with termination of the contract expected in the next financial year therefore the onerous contract was increased by £8,256,000.

A total charge of £8,256,000 is recorded in cost of sales and £14,039,000 is recorded within administrative expenses.

Other contract issues
Other contract issues credit of £4,423,000 include settlement of a claim with a guarantor in relation to the Wakefield construction contract (£3,190,000) and a Cumbria settlement (£1,233,000).

A credit of £1,233,000 is recorded within cost of sales and a credit of £3,190,000 is recorded within administrative expenses.

Impairment of intangible assets
Following a review of the long-term profitability of the Company's sub-contract at ELWA the related contract rights were impaired (£1,953,000). Prior year impairments related to BDR, Wakefield and Argyll and Bute contracts. The charge was recorded within administrative expenses in both years.

4 Operating loss (continued)

Other provisions
Charges to other provisions in the year relate to a £1,121,000 release in relation to Cumbria following successful management action to resolve operational and compliance issues. Prior year comprised an increase in legal provisions (£2,211,000), provisions for liquidated damages (£1,700,000, provisions for reinstatement costs for leased land (£600,000) and provisions for restructuring costs (£333,000). The total charge for the year is recorded within cost of sales. Of the total charge in the prior year £2,633,000 was recorded within administrative expenses and £2,211,000 in cost of sales.

Impairment of property, plant and equipment
Prior year impairment related to Westcott park. The full charge was recorded within cost of sales.

Operational costs
Prior year operational costs related to exceptional operating costs in relation to third party cleaning and disposal costs at Wakefield (£2,360,000) and incremental operating costs (£1,606,000) which were unable to be reclaimed under the Company's business interruption insurance following a fire at ELWA. The total charge was recorded within cost of sales.

Impairment of investments
Impairment of investments in subsidiaries (£47,000) relates to the investment in Safewaste Limited. The total charge is recorded within administrative expenses.

Discontinued operations
Completion of the sale of the Pontypool site resulted in a profit of £518,000.

5 Other operating income

	2018 £'000	2017 £'000
Rental income	125	125

6 Staff numbers and employee information

The average monthly number of employees employed by the Company during the year was 654 (2017: 627). All employees were engaged in waste management. The total remuneration of employees comprised:

	2018 £'000	2017 £'000
Wages and salaries	20,972	19,003
Social security costs	2,265	2,070
Other pension costs	1,326	1,290
	24,563	22,363

7 Directors' emoluments

	2018 £'000	2017 £'000
Aggregate emoluments	671	589
Employer's pension contributions:		
- Defined benefit	33	33
- Defined contribution	-	26
	704	648

Aggregate emoluments of the highest paid director

	2018 £'000	2017 £'000
Aggregate emoluments	302	185
Employer's pension contributions - defined contribution	-	33
	302	218

At the year end retirement benefits were accruing to 1 Director (2017: 1 Director) under a defined benefit scheme and no Directors (2017: 2 Directors) under a defined contribution scheme. No Directors exercised share options during the year (2017: none).

8 Discontinued operations

During the year ended 31 March 2014 the Company completed the disposal of its solid waste business. The net results of these operations were presented within discontinued operations in the financial statements of Shanks Group plc (now Renewi plc). Items relating to the discontinued operations in the current and prior year have been recognised in the Statement of Comprehensive Income as discontinued operations as set out below:

	2018 £'000	2017 £'000
Cost of sales	-	(495)
Gross result/(loss)	-	(495)
Administrative expenses	-	(14)
Operating result/(loss)	-	(509)
Operating result/(loss) before exceptional items	-	(14)
Exceptional items	-	(495)
Operating result/(loss) after exceptional items	-	(509)
Gain on termination of discontinued operations (Note 4)	518	-
Profit/(loss) on discontinued operations before taxation	518	(509)
Taxation	-	-
Profit/(loss) on discontinued operation	518	(509)

Completion of the sale of the Pontypool site resulted in a profit of £518,000.

9 Income from shares in investments

	2018 £'000	2017 £'000
Dividend income from associates	341	120
Dividend income from joint ventures	700	-
	1,041	120

10 Finance income

	2018 £'000	2017 £'000
Other interest receivable	125	135
Other finance income	153	162
	278	297

11 Finance charges

	2018 £'000	2017 £'000
Bank loans and overdrafts	-	288
Intercompany interest payable	-	1,105
Unwinding of discount on provisions	1,333	683
Other finance charges	399	729
	1,732	2,805

Other finance charges principally comprise costs for letters of credit.

12 Taxation

The taxation based on the loss for the year is made up as follows:

	2018 £'000	2018 £'000	2017 £'000	2017 £'000
Current tax				
Current year	-		(151)	
Adjustments in respect of prior year	(965)		(16)	
Total current tax		(965)		(167)
Deferred tax				
Origination and reversal of temporary differences in the current year	-		(589)	
Decrease in tax rate	-		534	
Adjustments in respect of prior periods	-		124	
Movement in unrecognised tax losses	3,000		-	
Total deferred tax		3,000		69
Tax charge/(credit) on loss		2,035		(98)

12 Taxation - continued

The tax on the Company's loss for the year differs (2017: differs) from the UK standard rate of tax of 19% (2017: 20%), as explained below:

	2018 £'000	2017 £'000
Loss before taxation	(82,856)	(66,671)
Tax using the UK corporation tax rate of 19% (2017: 20%)	(15,743)	(13,413)
Adjustment in respect of prior year	(965)	108
Other permanent differences	-	1,020
Unrecognised deferred tax assets	18,743	11,699
Non-taxable income	-	(42)
Impact of changes in tax rate	-	530
Total tax charge/(credit) for the year	2,035	(98)

Changes to the UK corporation tax rates were substantively enacted as part of the Finance Bill 2016 (on 7 September 2016). This included a reduction to the main rate from 19% to 17% from 1 April 2020. As a result, deferred tax for the year has been calculated based on the enacted rates of 17% and 19% depending on when the timing differences are expected to reverse (2017: 17%, 19% and 20%).

13 Intangible assets

	Goodwill £'000	Contract rights £'000	Computer Software £'000	Total £'000
Cost:				
At 1 April 2017	4,256	47,377	947	52,580
Additions	-	3,284	267	3,551
At 31 March 2018	4,256	50,661	1,214	56,131
Amortisation:				
At 1 April 2017	4,256	36,902	218	41,376
Charge for the year	-	375	151	526
Impairment	-	1,953	-	1,953
At 31 March 2018	4,256	39,230	369	43,855
Net book value:				
At 31 March 2018	-	11,431	845	12,276
At 31 March 2017	-	10,475	729	11,204

Contract rights comprise costs incurred in connection with the contracts with fellow group undertakings which hold Private Finance Initiative (PFI) and Public Private Partnership (PPP) contracts that are not directly recoverable from those group undertakings, but instead represent a licence to operate the associated waste management facilities.

During the year the Directors' reassessment of the risks in delivering long term profitability of the Company's contracts resulted in the exceptional impairment of contract rights related to the ELWA contract.

14 Property, plant and equipment

	Land and *buildings* £'000	Plant and *machinery* £'000	*Total* £'000
Cost:			
At 1 April 2017	12,985	18,132	31,117
Additions	18	266	284
Disposals	(6,800)	(14,373)	(21,173)
At 31 March 2018	6,203	4,025	10,228
Accumulated Depreciation:			
At 1 April 2017	6,701	14,008	20,709
Charge for the year	411	672	1,083
Disposals	(1,539)	(11,767)	(13,306)
At 31 March 2018	5,573	2,913	8,486
Net book value:			
At 31 March 2018	630	1,112	1,742
At 31 March 2017	6,284	4,124	10,408

Land and buildings

The net book value of land and buildings comprises:

	2018 £'000	2017 £'000
Freehold	630	4,401
Short leasehold	-	1,883
	630	6,284

Disposals relate to the exit of the loss-making anaerobic digestion facility at Westcott Park, more detail can be found in note 4 of these financial statements.

15 Investments

	Loans	Investments			
	Loans to joint ventures £'000	Subsidiary undertakings £'000	Joint ventures £'000	Associates £'000	Total £'000
Cost:					
At 31 March 2018 and 31 March 2017	1,250	15,062	4,779	168	20,009
Provisions:					
At 1 April 2017	-	14,701	1,100	-	15,801
Impairment charge	-	47	-	-	47
At 31 March 2018	-	14,748	1,100	-	15,848
Net book value:					
At 31 March 2018	1,250	314	3,679	168	4,161
At 31 March 2017	1,250	361	3,679	168	4,208

The loans to joint ventures are owed by Energen Biogas Limited and are secured by means of a bond, floating charges and standard security over the assets of Energen Biogas Limited. The loan notes bear interest of 10% and are scheduled to be repaid in full by March 2024.

The impairment of investments in subsidiary undertakings relates to the Company's holding in Safewaste Limited.

At 31 March 2018 the Company had the following investments in subsidiary undertakings:

	Country of registration	Type of business	Type of shares	Proportion of shares held
Safewaste Limited Registered address: Dunedin House, Auckland Park, Mount Farm, Milton Keynes, MK1 1BU	England & Wales	Waste Management	Ordinary	100%
Renewi SRF Trading Limited (formerly Shanks SRF Trading Limited) Registered address: Dunedin House, Auckland Park, Mount Farm, Milton Keynes, MK1 1BU	England & Wales	Waste Management	Ordinary	100%

At 31 March 2018 the Company had the following investments in joint ventures:

	Country of registration	Type of business	Type of shares	Proportion of shares held
Caird Evered Holdings Limited Registered address: Bardon Hall, Copt Oak Road, Markfield, Leicestershire, LE67 9PJ	England & Wales	Non-trading	Ordinary	50%
Energen Biogas Limited Registered address: 16 Charlotte Square, Edinburgh, EH2 4DF	Scotland	Waste Management	B Ordinary	49.9%

At 31 March 2018 the Company had the following investments in associates:

	Country of registration	Type of business	Type of shares	Proportion of shares held
ELWA Holdings Limited Registered address: Dunedin House, Auckland Park, Mount Farm, Milton Keynes, MK1 1BU	England & Wales	Waste Management	Ordinary	20%

The balance sheet value of investments held represents the purchase consideration. In the opinion of the Directors the value of investments is not less than the aggregate amounts at which they are shown in the balance sheet.

16 Trade and other receivables

	2018 £'000	2017 £'000
Trade receivables (net)	2,054	1,839
Amounts owed by group undertakings	9,961	10,063
Amounts owed by related party undertakings	10,450	13,754
Deferred consideration	783	777
Other receivables	1,488	4,331
Interest receivable	-	195
Prepayments and accrued income	11,344	6,790
	36,080	37,749
Current	35,447	36,972
Non-current	633	777
	36,080	37,749

17 Deferred tax

Deferred tax is provided in full on temporary differences under the liability method. Deferred tax assets and liabilities are only offset where there is a legally enforceable right of offset and there is an intention to settle the balances net.

	Derivative financial instruments £'000	Capital allowances £'000	Other permanent differences £'000	Total £'000
At 1 April 2016	(69)	7,856	513	8,300
Credit/(charge) to Statement of Comprehensive Income	-	(761)	692	(69)
Charge to equity	69	-	-	69
At 31 March 2017	-	7,095	1,205	8,300
Credit to Statement of Comprehensive Income	-	(3,000)	-	(3,000)
At 31 March 2018	-	4,095	1,205	5,300
Deferred tax assets	-	4,095	1,205	5,300
At 31 March 2018	-	4,095	1,205	5,300
Deferred tax assets	-	7,095	1,205	8,300
At 31 March 2017	-	7,095	1,205	8,300

At 31 March 2018 the Company had unused trading losses (tax effect) of £14,500,000 (2017: £12,813,000) available for offset against future profits. No deferred tax has been recognised in respect of the losses (2017: £nil) due to the uncertainty of future profit streams. Trading losses may be carried forward and offset against future profits of the same trade.

In addition, at 31 March 2018 there are other temporary differences which are unrecognised as a deferred tax asset (tax effect) of £23,770,000 (2017: £8,830,000) available for offset against future profits. This deferred tax asset has not been recognised due to the uncertainty of future profit streams.

18 Inventories

	2018 £'000	2017 £'000
Raw materials and consumables	1,488	1,251

Amounts owed by group and related party undertakings are repayable on demand, unsecured and interest free.

19 Trade and other payables

	2018 £'000	2017 £'000
Current		
Trade payables	14,850	18,192
Amounts owed to parent undertaking	17,203	-
Amounts owed to group undertakings	278	637
Interest payable	413	405
Taxation and social security	3,111	2,936
Accruals	26,212	27,625
Deferred revenue	2,127	3,923
	64,194	53,718
Non-current		
Deferred revenue	2,256	2,338

Amounts owed to parent and group undertakings are repayable on demand, unsecured and interest free.

20 Provisions

	Aftercare £000	Onerous contracts £000	Other £000	Total £000
Balance at 1 April 2017	633	29,945	5,156	35,734
Provided in the year	-	64,938	2,000	66,938
Utilised in the year	(12)	(9,072)	(2,465)	(11,549)
Released in the year	-	-	(1,121)	(1,121)
Finance charges - unwinding of discounted amount	34	1,297	2	1,333
Balance at 31 March 2018	655	87,108	3,572	91,335

Current	19,550
Non-current	71,785
As at 31 March 2018	91,335
Current	18,962
Non-current	16,772
As at 31 March 2017	35,734

20 Provisions - continued

Aftercare
Post-closure costs of landfill sites, including such items as monitoring, gas and leachate management and licensing, have been estimated by management based on current best practice and technology available. These costs may be impacted by a number of factors including changes in legal and technology. The dates of payments of these aftercare costs are uncertain but are anticipated to be over a period of at least 30 years from the closure of the relevant site.

Onerous contracts
Onerous contracts are provided at the net present value of either exiting the Company's PFI contracts or fulfilling the obligations under the contract. The provisions are to be utilised over the period of the contracts to which they relate with the latest date being 2040. More detail of provisions provided for see note 4.

Other
The provision relates to legal, warranty, liquidated damages, redundancy related costs and reinstatement works on leased land.

21 Borrowings

	2018 £'000	2017 £'000
Current borrowings		
Bank overdraft	1,487	-

22 Share capital

	2018 £'000	2017 £'000
Allotted, called up and fully paid:		
54,239,788 (2017: 54,239,788) ordinary shares at £1 each	54,240	54,240

23 Financial instruments

The Company previously entered into forward exchange contracts to mitigate foreign exchange risk on capital expenditure arising on sub-contract construction arrangements with fellow PFI/PPP subsidiaries as well as on contracts associated with the disposal of processed waste denominated in Euros.

As at 31 March 2018 the forward exchange contracts had a fair value of £nil (2017: £nil), the notional principal amount of the outstanding forward exchange contracts was £nil (2017: £nil). The outstanding contracts expired during the prior financial year and there were no forward exchange contracts held in the Company at 31 March 2018. Refer to note 1 for policy on hedge accounting.

24 Pension schemes

The Company is part of the Renewi plc Pension Scheme which covers eligible employees and has both funded defined benefit and defined contribution sections. Pension costs for the defined benefit section are determined by an independent qualified actuary on the basis of triennial valuations using the projected unit method. The Company is unable to identify the share of the underlying assets and liabilities of the defined benefit section of the Renewi plc Scheme that relates to its business and is permitted under IAS 19 to treat this section of the scheme as a defined contribution scheme. The Scheme has been fully included and disclosed in both the consolidated and entity financial statements of Renewi plc. The Company pension charge for the year for the defined benefit section of the group pension scheme was £761,000 (2017: £666,000) and for the defined contribution was £253,000 (2017: £274,000).

A number of employees of the Company are members of the West Yorkshire Pension Fund defined benefit scheme, a multi-employer scheme. The Company is unable to identify the share of the underlying assets and liabilities of the defined benefit section of the West Yorkshire Pension Fund that relates to its business and is permitted under IAS 19 to treat this section of the scheme as a defined contribution scheme. Full details of the Fund are disclosed in the annual report and accounts of West Yorkshire Pension Fund. The employer contributions charged to the Statement of Comprehensive Income account totalled £51,000 (2017: £57,000).

A small number of employees of the Company are members of the Dumfries and Galloway Council Pension Fund defined benefit scheme. Under this scheme the element relating to the employees of the Company has a funding liability of £194,000 (2017: £276,000) and employer contributions charged to the Statement of Comprehensive Income account totalled £15,000 (2017: £23,000).

Prepaid and outstanding contributions at the end of the year were £nil (2017: £nil).

25 Commitments

a) Capital commitments

The amount of capital expenditure authorised by the Directors for which no provision has been made in the financial statements is:

	2018 £'000	2017 £'000
Expenditure contracted for	324	961

b) Commitments under operating leases

The future aggregate minimum lease payments under non-cancellable operating leases are as follows:

	2018 £'000	2017 £'000
Within one year	2,146	2,606
Later than one year and less than five years	5,772	7,419
More than five years	10,896	17,162
	18,814	27,187
Future minimum lease payments expected to be received under non-cancellable sub leases	(516)	(632)
	18,298	26,555

26 Contingent liabilities

Provision is made for the Directors' best estimate of all known legal claims and all legal actions in progress. The Company takes legal advice as to the likelihood of success of claims and actions and no provision is made where the Directors consider, based on that advice, that the action is unlikely to succeed or a sufficiently reliable estimate of the potential obligation cannot be made.

The Company has given an unlimited guarantee in respect of the Group's borrowings totalling £291,732,000 (2017: £279,126,000) and the Group's retail bonds totalling £175,285,000 (2017: £171,028,000).

The Company is a member of a HMRC Group VAT registration and as at 31 March 2018 the liability under this registration was £nil (2017: liability of £nil). Where appropriate, the Company element is included within other taxation and social security creditors.

The Company is also a member of a HMRC Group Payment arrangement for corporation tax and as at 31 March 2018 had a contingent liability of £647,000 (2017: £873,000) under this arrangement.

In respect of contractual liabilities, the Company, along with other fellow group undertakings, has given guarantees and entered into counter indemnities of bonds and guarantees given on their behalf by sureties and banks totalling £145,859,000 (2017: £167,346,000).

27 Related parties

The Company has taken advantage of the exemption under FRS 101 not to disclose transactions with key management personnel or companies which are wholly owned within the Renewi group.

3SE (Barnsley, Doncaster & Rotherham) Limited

The Company is a fellow group undertaking of Renewi PFI Investments Limited (formerly Shanks PFI Investments Limited), which holds 75% of the share capital of 3SE (Barnsley, Doncaster & Rotherham) Limited via an intermediary holding company. The Company holds the sub-contract to provide waste management and administrative services to the two companies.

Energen Biogas Limited

The Company holds 49,999 B ordinary shares of £0.001 in Energen Biogas Limited and settles costs on behalf of Energen Biogas Limited which are recharged as incurred.

ELWA Limited

The Company holds 20% of the share capital of ELWA Holdings Limited, the parent company of ELWA Limited. The Company holds the sub-contract to operate the waste management services of ELWA Limited.

Shanks Dumfries and Galloway Limited

The Company is a fellow group undertaking of Renewi PFI Investments Limited which holds 20% of the share capital of Shanks Dumfries and Galloway Holdings Limited, the parent company of Shanks Dumfries and Galloway Limited. The Company holds the sub-contract to operate the waste management services of Shanks Dumfries and Galloway Limited.

Resource Recovery Solutions (Derbyshire) Limited

The Company is a fellow subsidiary undertaking of Renewi PFI Investments Limited which holds 50% of the share capital of Resource Recovery Solutions (Derbyshire) Holdings Limited, the parent company of Resource Recovery Solutions (Derbyshire) Limited. The Company holds the sub-contract to operate the waste management services of Resource Recovery Solutions (Derbyshire) Limited.

27 Related parties - continued

Wakefield Waste PFI Limited

The Company is a fellow subsidiary undertaking of Renewi PFI Investments Limited which holds 50.001% of the share capital of Wakefield Waste Holdings Limited, the parent company of Wakefield Waste PFI Holdings Limited. Wakefield Waste PFI Holdings Limited owns 100% of the share capital in Wakefield Waste PFI Limited. The Company holds the sub-contract to operate the waste management services of Wakefield Waste PFI Limited.

Caird Evered Holdings Limited

Caird Evered Holdings Limited is a joint venture between the Company and Aggregate Industries UK Limited with each entity holding 50% of the share capital. In July 2016 Caird Group Limited, a fellow group undertaking, transferred its entire holding in Caird Evered Holdings Limited to the Company. At the date of the transaction all outstanding balances between Caird Evered Holdings Limited and its subsidiary with Caird Group Limited were transferred to the Company.

The value of the Company's related party transactions during the year were as follows:

	Sales to		Expenses incurred from	
	2018	2017	2018	2017
	£'000	£'000	£'000	£'000
3SE (Barnsley, Doncaster & Rotherham) Limited	14,945	14,792	-	-
Energen Biogas Limited	1,061	871	-	(24)
ELWA Limited	54,045	54,854	-	-
Shanks Dumfries and Galloway Limited	8,502	7,717	-	-
Resource Recovery Solutions (Derbyshire) Limited	44,859	39,961	-	(1,805)
Wakefield Waste PFI Limited	14,941	13,833	-	(203)
Caird Evered Limited	9	9	-	-
	138,362	132,037	-	(2,032)

The outstanding value of the Company's related party balances at the year end were as follows:

	Receivables outstanding	
	2018	2017
	£'000	£'000
3SE (Barnsley, Doncaster & Rotherham) Limited	1,455	2,930
Energen Biogas Limited	1,341	1,561
ELWA Limited	3,553	4,509
Shanks Dumfries and Galloway Limited	1,208	2,582
Resource Recovery Solutions (Derbyshire) Limited	1,431	1,220
Wakefield Waste PFI Limited	1,367	1,367
Caird Evered Limited	835	835
	11,190	15,004

28 Ultimate parent company and controlling party

The Company's immediate and ultimate parent undertaking and controlling party is Renewi plc, a company registered in Scotland. Renewi plc is the only company to consolidate the Company's financial statements. Copies of Renewi plc consolidated financial statements may be obtained from the Company Secretary, Renewi plc, Dunedin House, Auckland Park, Mount Farm, Milton Keynes, Buckinghamshire, MK1 1BU.

29 Post balance sheet events

On 31 July 2018 the Company sold its shareholding in Energen Biogas Limited to Renewi plc for £3,679,000. No profit or loss on disposal has been recognised on this transaction.