

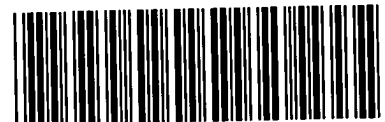
Registered No. 02952592

SAICA Natur UK Limited

Report and Financial Statements

31 December 2018

THURSDAY



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COMPANIES HOUSE

Directors

V M S Martinez
A R A Balet
P J Gascon Munio
T A Rice

Secretary

S Petty

Auditor

Ernst & Young LLP
Citygate
St James' Boulevard
Newcastle upon Tyne
NE1 4JD

Bankers

NatWest Bank Plc
67 High Street
Staines
TW18 4PU

Registered Office

144 Manchester Road
Carrington
Manchester
M31 4QN

Strategic report

The directors present their strategic report for the year ended 31 December 2018.

Principal activities and review of the business

The principal activities of the company in the year under review were the provision of recycling and waste management services and the sale of waste handling equipment.

The company operates in the highly regulated and competitive market of recycling and waste management services. The company performed satisfactorily during the year and although turnover fell due to reductions in recovered paper prices, operating profit remained steady year on year as costs also reduced.

The directors are confident of continuing profitability and cash generation of all business divisions going forward.

Future developments

The company will continue to seek to grow through the renewal of existing contracts and the signing up of new contracts in the commercial sector.

Principal risks and uncertainties

The directors are confident that the company is structured and positioned in a manner that will enable it to meet the demands of its markets and business environment.

Financial risk management

The company's operations expose it to a variety of financial risks including the effects of credit risk. The overarching group policies in relation to other external risks, including interest rate risk, foreign exchange risk and liquidity risk, all of which are managed centrally by group treasury, are set out in the annual report and financial statements of Sociedad Anonima Industrias Celulosa Aragonesa ('SAICA'), the company's immediate parent undertaking. The company does not use derivative financial instruments to manage interest rate costs and, as such, no hedge accounting is applied.

Credit risk

The company has implemented policies that require appropriate credit checks on potential customers before sales are made. The amount of exposure to any individual counterparty is subject to a limit, which is reassessed by the Board. The Board receives regular reports on amounts due, amounts significantly overdue and the relevant action taken.

Brexit risk

While the outcome of the Brexit process is uncertain at this point in time, it is likely that in addition to the risks described above there will be risks surrounding the import and export of goods. The company has sought to minimise its exposure to any risk through localising its major suppliers within the UK in order to minimise any disruption to production. The management team are also liaising with major customers and suppliers in order to mitigate as much as possible risks posed by Brexit.

Strategic report

Key performance indicators ('KPIs')

The Board monitors progress of the company by reference to a balanced scorecard approach, but in particular one key performance indicator: earnings before interest, taxation, depreciation, amortisation, foreign exchange differences and non-recurring items ('EBITDA'), is closely monitored.

	2018	2017
	£000	£000
Sales	62,791	83,952
EBITDA	3,927	3,613
EBITDA as percentage of sales	6.3%	4.3%

The strategic report was approved by the Board of Directors on 29 March 2019 and signed on their behalf by:



T A Rice
Director

Directors' report

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

Results and dividends

The profit for the year, after taxation, amounted to £2,149,000 (2017 - profit of £2,144,000). The directors do not recommend the payment of a dividend (2017 - £nil), and the profit for the year has been transferred to reserves.

Directors

The directors shown below held office during the year and to the date of approval of this report:

V M S Martinez
A R A Balet
P J Gascon Munio
T A Rice

Going concern

The directors have considered the company's current and future prospects and its availability of financing, and are satisfied that the company can continue to pay its liabilities as they fall due for a period of at least 12 months from the date of approval of these financial statements. For this reason the directors continue to adopt the going concern basis for preparation of these financial statements.

Disabled employees

The policy of the company is to give full consideration to employment applications from disabled persons who have the necessary aptitudes and abilities to perform the duties of the job. The company seeks to develop the skills and talents of disabled persons by providing appropriate training. Where an employee becomes disabled whilst employed, arrangements are made wherever practicable to maintain employment by identifying a suitable job and providing any necessary retraining.

Employee involvement

It is the company's policy to involve employees at all levels in the operation of the company and to inform them of its financial position and activities through briefing meetings, which are held at regular intervals.

Disclosure of information to the auditor

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information, being information needed by the auditor in connection with preparing the report, of which the auditor is unaware. Having made enquiries of fellow directors and the company's auditor, the directors have taken all the steps that they are obliged to take as directors in order to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

Auditor

A resolution to reappoint Ernst & Young LLP as auditor will be put to the members at the Annual General Meeting.

On behalf of the Board



T A Rice
Director

29 March 2019

Directors' responsibilities statement

The directors are responsible for preparing the annual report (incorporating the Strategic Report and 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 United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and 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 proper accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Independent auditor's report

to the members of SAICA Natur UK Limited

Opinion

We have audited the financial statements of SAICA Natur UK Limited for the year ended 31 December 2018 which comprise the Income Statement, the Statement of Changes in Equity, the Statement of Financial Position and the related notes 1 to 15, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the company's affairs as at 31 December 2018 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

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

Conclusions relating to going concern

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

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

Independent auditor's report

to the members of SAICA Natur UK Limited (continued)

Other information

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

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

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

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

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

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

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

Independent auditor's report

to the members of SAICA Natur UK Limited (continued)

Responsibilities of directors

As explained more fully in the Statement of Directors' Responsibilities set out on page 4, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

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

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.



Darren Rutherford (Senior Statutory Auditor)
For and on behalf of Ernst & Young LLP (Statutory Auditor)
Newcastle upon Tyne

9 April 2019

Income statement

for the year ended 31 December 2018

	<i>Notes</i>	<i>2018</i> <i>£000</i>	<i>2017</i> <i>£000</i>
Turnover	1	62,791	83,952
Cost of sales		(46,841)	(65,630)
Gross profit		15,950	18,322
Administrative expenses		(13,261)	(15,690)
Operating profit	2	2,689	2,632
Interest receivable and similar income		-	1
Profit before taxation		2,689	2,633
Tax on profit	5	(540)	(489)
Profit for the financial year		2,149	2,144

All activities are continuing.

The company has no other comprehensive income other than the profits for both financial years reported above.

Statement of changes in equity

for the year ended 31 December 2018

	<i>Called up share capital</i> £000	<i>Share premium</i> £000	<i>Profit and loss account</i> £000	<i>Total</i> £000
At 1 January 2017	225	22,225	(10,594)	11,856
Profit for the year	-	-	2,144	2,144
At 31 December 2017	225	22,225	(8,450)	14,000
Profit for the year	-	-	2,149	2,149
At 31 December 2018	225	22,225	(6,301)	16,149

Statement of financial position

at 31 December 2018

	Notes	2018 £000	2017 £000
Fixed assets			
Tangible assets	6	5,895	5,851
Current assets			
Stocks	7	337	315
Debtors	8	19,512	21,289
Cash at bank and in hand		130	457
Creditors: amounts falling due within one year	9	19,979 (9,262)	22,061 (13,388)
Net current assets		10,717	8,673
Total assets less current liabilities		16,612	14,524
Provisions for liabilities and charges	10	(463)	(524)
Net assets		16,149	14,000
Capital and reserves			
Called up share capital	11	225	225
Share premium account	11	22,225	22,225
Profit and loss account	11	(6,301)	(8,450)
Equity attributable to shareholders		16,149	14,000

The financial statements were approved by the Board of Directors on 29 March 2019 and signed on their behalf by:



T A Rice
Director

29 March 2019

Notes to the financial statements

at 31 December 2018

1. Accounting policies

Statement of compliance

SAICA Natur UK Limited is a private limited liability company, limited by shares, incorporated in England.

The Registered Office is:

The Finance Service Centre
144 Manchester Road
Carrington
Manchester
M31 4QN

The company's financial statements have been prepared in accordance with FRS102.

Basis of preparation

The financial statements have been prepared in accordance with applicable accounting standards.

The financial statements have been prepared using accounting principles based on historical cost, unless stated otherwise.

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

In these financial statements, the Company has applied the exemptions available under FRS 102 in respect of the following disclosures:

- the requirements of Section 4 Statement of Financial Position paragraph 4.12(a)(iv)
- the requirements of Section 7 Statement of Cash Flows
- the requirements of Section 11 Basic Financial Instruments paragraphs 11.39 to 11.48A
- the requirements of Sections 33.1A and 33.7 Related Party Disclosures

Judgements and key sources of estimation uncertainty

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the balance sheet date and the amounts reported for revenues and expenses during the year. However, the nature of estimation means that actual outcomes could differ from those estimates. The following judgements (apart from those involving estimates) have had the most significant effect on amounts recognised in the financial statements.

Taxation

The Group establishes provisions based on reasonable estimates, for possible consequences of audits by the tax authorities of the respective countries in which it operates. The amount of such provisions is based on various factors, such as experience with previous tax audits and differing interpretations of tax regulations by the taxable entity and the responsible tax authority.

Management estimation is required to determine the amount of deferred tax assets that can be recognised, based upon likely timing and level of future taxable profits together with an assessment of the effect of future tax planning strategies. Further details are contained in note 5.

Tangible fixed assets

Management estimation is required to determine the appropriate asset lives over which to depreciate the company's tangible fixed assets, in light of ongoing technological developments and the company's strategic plans.

Provisions and accruals for liabilities

Management estimation is required to determine the appropriate amounts of accruals and provisions for bad and doubtful debts, customer rebates and certain administrative expenses accruals.

Notes to the financial statements

at 31 December 2018

1. Accounting policies (continued)

Significant accounting policies

Tangible fixed assets

Depreciation is provided at rates calculated to write off the cost, less estimated residual value of each asset on a straight line basis over its expected useful life as follows:

Freehold land	–	not depreciated
Freehold buildings	–	3 to 50 years
Plant and machinery	–	3 to 18 years

The carrying values of tangible fixed assets are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable.

Stocks

Stocks are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items.

Provision for liabilities

A provision is recognised when the company has legal or constructive obligation as a result of a past event and it is probable that an outflow of economic benefits will be required to settle the obligation.

Current taxation

Current tax, including UK corporation tax and foreign tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred taxation

Deferred taxation is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or right to pay less or to receive more, tax, with the following exception:

- Deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

Cash and cash equivalents

Cash balances on deposit requiring notice of withdrawal greater than 24 hours without interest penalties are disclosed as short-term cash investments.

Foreign currencies

Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance sheet date.

All differences are taken to the income statement.

Short-term debtors and creditors

Debtors and creditors with no stated interest rate and receivable or payable within one year are recorded at transaction price. Any losses arising from impairment are recognised in the income statement in administrative expenses.

Notes to the financial statements

at 31 December 2018

1. Accounting policies (continued)

Turnover

Turnover represents net invoiced sales and accrued income for goods and services, excluding value added tax, and arises wholly within the UK from the company's principal activity.

Operating leases

Rentals paid under operating leases are charged to the income statement on a straight line basis over the period of the lease.

Pensions

The company operates a defined contribution pension scheme. Contributions payable to the company's pension scheme are charged to the income statement in the year to which they relate.

2. Operating profit

This is stated after charging/(crediting):

	2018 £000	2017 £000
Auditor's remuneration – audit services	44	43
– services relating to taxation compliance	7	5
Operating leases – land and buildings	96	156
Operating leases – other	367	408
Depreciation – owned assets	1,071	966
(Profit)/loss on disposal of fixed assets	(106)	12
Exchange losses	34	76
	<u> </u>	<u> </u>

3. Staff costs

	2018 £000	2017 £000
Wages and salaries	4,768	4,669
Social security costs	462	453
Other pension costs	412	386
	<u>5,642</u>	<u>5,508</u>

The average monthly number of employees during the year was 179 (2017 – 181).

4. Directors' remuneration

Directors emoluments were £nil (2017 - £nil). The directors are remunerated by other group companies. Their services to the company are limited and it is not considered practical or necessary to apportion any of their remuneration for these limited services. None of the company's directors participate in company pension scheme arrangements.

Notes to the financial statements

at 31 December 2018

5. Tax on profit

(a) Tax on profit

The tax charge is made up as follows:

	2018 £000	2017 £000
<i>Current tax:</i>		
UK corporation tax on the profit for the year	555	457
Adjustments in respect of prior years	44	(16)
Total current tax	599	441
<i>Deferred tax:</i>		
Origination and reversal of timing differences	(9)	57
Adjustments in respect of prior years	(50)	(9)
Total deferred tax (note 5(c))	(59)	48
Tax on profit	540	489

(b) Factors affecting current tax charge for the year

The tax assessed for the year differs from the standard rate of corporation tax in the UK of 19% (2017 - 19.25%). The differences are explained below:

	2018 £000	2017 £000
Profit before taxation	2,689	2,633
Profit multiplied by standard rate of corporation tax in the UK of 19% (2017 - 19.25%)	511	507
<i>Effects of:</i>		
Disallowed items/income not taxable	34	15
Effect of changes in tax rates	1	(8)
Adjustments in respect of prior years	(6)	(25)
Total tax (note 5(a))	540	489

Notes to the financial statements

at 31 December 2018

5. Tax on profit (continued)

(c) Deferred tax asset

	£000
At 1 January 2018	215
Credit to income statement (note 5(a))	59
At 31 December 2018	<u>274</u>

The deferred tax asset relates to decelerated capital allowances and other timing differences and is considered recoverable against future taxable profits. There is an unrecognised deferred tax asset relating to tax losses of £159,000 (2017: £213,000) relating to a trading division over which there is uncertainty about their realisation in the foreseeable future.

(d) Factors that may affect future tax charges

The effective rate of UK corporation tax for the period was 19% (2017: 19.25%). A reduction in the rate to 17% from 1 April 2020 was substantively enacted prior to the balance sheet date and has been applied to the company's deferred tax balance at the balance sheet date.

6. Tangible fixed assets

	<i>Land and buildings</i>	<i>IT software, plant and machinery</i>	<i>Motor vehicles</i>	<i>Total</i>
	£	£	£	£
Cost:				
At 1 January 2018	3,306	17,069	98	20,473
Additions	134	997	-	1,131
Transfers	527	(527)	-	-
Disposals	-	(529)	-	(529)
At 31 December 2018	<u>3,967</u>	<u>17,010</u>	<u>98</u>	<u>21,075</u>
Depreciation:				
At 1 January 2018	358	14,166	98	14,622
Charge for the year	100	971	-	1,071
Disposals	-	(513)	-	(513)
At 31 December 2018	<u>458</u>	<u>14,624</u>	<u>98</u>	<u>15,180</u>
Net book value:				
At 31 December 2018	<u>3,509</u>	<u>2,386</u>	<u>-</u>	<u>5,895</u>
At 1 January 2018	<u>2,948</u>	<u>2,903</u>	<u>-</u>	<u>5,851</u>

Notes to the financial statements

at 31 December 2018

7. Stocks

	2018 £000	2017 £000
Raw materials and consumables	55	47
Finished goods	282	268
	<u>337</u>	<u>315</u>

8. Debtors

	2018 £000	2017 £000
Trade debtors	3,483	3,498
Amounts owed by other group undertakings - trading	11,440	12,885
Other debtors	1,112	998
Prepayments and accrued income	1,702	1,997
VAT recoverable	1,501	1,696
Deferred tax (note 5(c))	274	215
	<u>19,512</u>	<u>21,289</u>

9. Creditors: amounts falling due within one year

	2018 £000	2017 £000
Trade creditors	1,650	5,085
Other taxes and social security	210	191
Accruals and deferred income	6,831	7,460
Amounts owed to other group undertakings - trading	250	469
Corporation tax payable	321	183
	<u>9,262</u>	<u>13,388</u>

10. Provisions for liabilities and charges

	2018 £000	2017 £000
At 1 January	524	381
Charged in the year	(61)	143
At 31 December	<u>463</u>	<u>524</u>

The provision comprises dilapidations on rented properties. The impact of discounting is not material.

Notes to the financial statements

at 31 December 2018

11. Issued share capital and reserves

		2018		2017
<i>Allotted, called up and fully paid</i>	<i>No.</i>	<i>£</i>	<i>No.</i>	<i>£</i>
Ordinary shares of 1p each	22,466,775	224,668	22,466,775	224,668

Share premium account

The share premium account of £22,225,000 (2017: £22,225,000) relates to the amount above nominal value received for shares issued.

Profit and loss account reserve

This reserve records the cumulative amount of realised profits and losses less any distributions of dividends.

12. Other financial commitments

Rentals payable by the company on non-cancellable operating leases expiring:

	2018		2017	
	<i>Land and buildings</i>	<i>Other</i>	<i>Land and buildings</i>	<i>Other</i>
	<i>£000</i>	<i>£000</i>	<i>£000</i>	<i>£000</i>
Future minimum rentals payable:				
Within one year	74	225	89	156
In more than one year and less than five years	-	72	81	141
	<u>74</u>	<u>297</u>	<u>170</u>	<u>297</u>

13. Financial instruments

	2018	2017
	<i>£000</i>	<i>£000</i>
Financial assets measured at amortised cost:		
Trade and other debtors	4,595	4,496
Financial liabilities recorded at amortised cost:		
Trade creditors	1,650	5,085

14. Related party transactions

The company has taken advantage of the exemption given in FRS 102.33.1A and FRS 102.33.7, not to disclose transactions with wholly owned related parties and key management personnel on the grounds that it is a wholly owned subsidiary of a group headed by Sociedad Anonima Industrias Celulosa Aragonesa, whose financial statements are publicly available.

Notes to the financial statements

at 31 December 2018

15. Ultimate parent undertaking and controlling party

The directors regard Sociedad Anonima Industrias Celulosa Aragonesa (SAICA), a company incorporated in Spain, whose registered address is San Juan de la Pena, 144 50015 Zaragoza, Spain, as the immediate parent undertaking.

The largest and smallest group of which SAICA Natur UK Limited is a member, and for which group financial statements are drawn up, is that headed by SAICA.

The directors regard Aragocias S.A. as the ultimate parent undertaking and controlling party. Their principal place of business is at Avenida Independencia, 24-26, 50004 Zaragoza, Spain.