Wheelabrator Group Limited

Annual report and financial statements

For the year ended 31 December 2022

Company Number: 00033672

Wheelabrator Group Limited

Annual Report and financial statements 2022

Contents

Wheelabrator Group Limited

Strategic report
For the year ended 31 December 2022

The directors present the strategic report, together with their report, audited financial statements and auditor's report for the year ended 31 December 2022.

Business review

During the year, the company's revenue increased to £20.2m, from £16.9m. However, this increase in revenue was offset by rising costs in 2022. Profit before tax totalled £0.9m (2021: £2.3m). Net assets were £34.9m at 31 December 2022, an increase of £6.3m from the previous year.

The company is responsible for the sale of surface preparation technology it developed historically, along with that developed by other group companies, in designated regions. In so doing it is responsible for implementing in its regions the Norican Group strategy of focusing on supporting existing installations in mature markets, while promoting the sale of new equipment into developing and emerging markets.

Principal risks and uncertainties

The principal risks facing the company arise from the levels of economic activity in its markets. The company believes that the depth of its product range and the diversity of its export markets, supported by continuing development of its sales representation in those territories and a focus on digitalisation will enable it to continue to meet the challenge of the future.

Section 172(1) statement

In performing their duties under section 172 of the Companies Act 2016, the directors understand that their role is to safeguard the company and all of its stakeholders, and to promote the success of the business. The directors believe that sustainable business management and practices will contribute to long term business success and will strengthen the company's position in the market. The directors ensure that the company has sufficient resources to support its long-term strategies.

Employee engagement

The directors place considerable value on the involvement of the company's employees and continue to keep everyone informed on matters affecting them as employees and important stakeholders. This is achieved through a range of methods including formal and informal communication briefings, an employee engagement portal on the wider group intranet, company-wide emails and official notice boards. We operate a flexible and hybrid way of working which we consider an important aspect of being an inclusive employer.

We are committed to providing equal opportunities in all areas of work and business for all of our employees regardless of race, nationality, religion, age, sexual orientation, disability or social background. We are proud to be a diverse company and we welcome candidates from all backgrounds to apply for vacancies. As part of the wider group's code of conduct, we have a whistleblowing policy in place to enable employees to anonymously raise concerns.

We want people to achieve their best, which in turn will positively impact on our customers and the communities in which we live and work.

Strategic report (continued)
For the year ended 31 December 2022

Engagement with customers and suppliers

The company places considerable value on having strong relationships with customers and suppliers. The company engages in regular, open and proactive dialogue with connected stakeholders and their opinions are considered when making operational and strategic decisions.

Community, environment and members

The company engages with the community and contributes to local charities and organisations.

The company monitors and seeks to reduce its impact on the environment, for example moving towards paperless communications with customers, suppliers and employees.

Key performance indicators

The company measures its performance by monitoring margins achieved against an annual budget and capital equipment projects are also monitored individually against the estimates prepared at the time an order is accepted. A comprehensive reporting package, comparing actual performance to both budget and last year, is produced each month. This, along with a monthly rolling forecast, constitutes the key performance indicators used within the business.

	2022 £000	2021 £000
Turnover	20,395	16,867
Gross profit	4,658	4,066
Operating profit/(loss)	(168)	979

Future outlook

As of the date of signing these financial statements, all of the Company's activities are continuing to operate as normal and the necessary business continuity procedures have been successfully implemented.

However, the economic impact of the Ukraine / Russia conflict, including on energy prices and the broader effect on economic growth and investment, mean that we will continue to see cost pressure and demand constraints during 2023. The company is closely monitoring the development of energy prices; capped price contracts are in place for the next 12 months which will enable the Company to partially mitigate the impact of any price rises on the business. However, unmitigated cost increases could have a material adverse effect on our business, results on operations, financial condition, and cash flows.

Wheelabrator Group Limited

Strategic report (continued)
For the year ended 31 December 2022

Approval

The strategic report was approved on behalf of the Board on 30/08/2023

R Shaw
Director

Wheelabrator Group Limited
22 Edward Court
Altrincham
Cheshire
WA14 5GL

Wheelabrator Group Limited

Directors' report
For the year ended 31 December 2022

The directors present their annual report on the affairs of the company, together with the audited financial statements and auditor's report, for the year ended 31 December 2022.

In preparing this Directors' report, the directors have complied with S414C (11) of the Companies Act 2006 by including certain disclosures required by S416 (4) within the strategic report on page 3. These include disclosures with respect to future developments.

Results and dividends

The profit for the year is shown in the profit and loss account on page 12; the review of the business is contained in the strategic report.

No dividend is recommended for the year (2021: £nil).

Existence of branches outside the UK

The company has a branch, as defined in section 1046(3) of the Companies Act 2006, in Hong Kong.

Going concern

The directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. In forming this expectation the directors have considered the potential impact of further coronavirus outbreaks and supply chain disruption on the trading environment. Based on the assessment, the Directors have concluded that the company can operate for a period of at least 12 months from the date of this report. Therefore, these financial statements have been prepared on a going concern basis in accordance with the Companies Act 2006 and applicable accounting standards in the United Kingdom.

Further details regarding the adoption of the going concern basis can be found in Note 1 in the financial statements.

An indication of likely future developments of the company is noted within the strategic report.

Post Balance sheet events

There are no significant events following the balance sheet date.

Financial risk management objectives and policies

The company is affected by the same principal risks and uncertainties as the rest of the Norican Global A/S Group.

The Group's activities expose it to a variety of financial risks: market risk (including foreign currency risks), credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on its financial performance. The Group uses derivative financial instruments to hedge certain risk exposures.

The company's risks and uncertainties are therefore reviewed fully with those of the rest of the Group.

Credit risk

The company's principal financial assets are bank balances and trade receivables.

The company's credit risk is primarily attributable to its trade receivables. The amounts presented in the balance sheet are net of allowances for doubtful debts. An allowance for impairment is made where there is an identified loss event which, based on previous experience, is evidence of a reduction in the recoverability of the cash flows.

The credit risk on liquid funds is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies.

The company has no significant concentration of credit risk, with exposure spread over a large number of counterparties and customers.

Liquidity risk

The company's principal source of liquidity is cash generated from its operations, with additional funding, if required, made available by the Group.

Foreign exchange risk

Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities. The company predominantly transacts its operational activities with third parties in its local currency, although the global nature of the business can lead to transactional risks at the balance sheet date. This arises because the amount of local currency received or paid for transactions denominated in a foreign currency varies due to changes in foreign exchange rates. Where this risk is considered material, the company will enter into forward foreign exchange contracts.

Capital risk management

The company's objectives in managing capital are to safeguard its ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders.

Directors

The directors, who served during the year, and thereafter, were as follows:

M D Guerin (resigned 01/08/2023)
I Wadee
R Shaw (appointed 01/08/2023)

Auditors

Each of the persons who is a director at the date of approval of this report confirms that:

- so far as the director is aware, there is no relevant audit information of which the Company's auditor is unaware; and
- the director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

The auditors have expressed their willingness to continue in office. Under the Companies Act 2006, section 487 (2), they will automatically be reappointed as auditor 28 days after these financial statements are sent to the members, unless the members exercise their rights under the Companies Act 2006 to prevent their reappointment.

Wheelabrator Group Limited

Directors' report (continued)
For the year ended 31 December 2022

Approved by the Board and signed on its behalf by:

R Shaw
Director

Wheelabrator Group Limited
22 Edward Court
Altrincham
Cheshire
WA14 5GL

Date: 30/08/2023

Wheelabrator Group Limited

Directors' responsibilities statement

For the year ended 31 December 2022

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland". 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; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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

Wheelabrator Group Limited

Independent auditor's report to the members of Wheelabrator Group Limited

Opinion

We have audited the financial statements of Wheelabrator Group Limited (the 'company') for the year ended 31 December 2022 which comprise the statement of comprehensive income, balance sheet, statement of changes in equity and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 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 state of the company's affairs as at 31 December 2022, 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 responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the 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

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

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 contained within the annual report.

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

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 course of 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 this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Independent auditor's report to the members of Wheelabrator Group Limited (continued)

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 the directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception
In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report and the directors' report.

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

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

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

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

Auditor 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.

The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

Independent auditor's report to the members of Wheelabrator Group Limited (continued)

Identifying and assessing potential risks related to irregularities

In identifying and assessing the risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, we considered the following:

- The nature of the industry and sector, control environment and business performance.
- Enquiring of management, including obtaining and reviewing supporting documentation, concerning the company's policies and procedures relating to:
    - Identifying, evaluating and complying with laws and regulations and whether they were aware of any instances of non-compliance;
    - Detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected or alleged fraud;
    - The internal controls established to mitigate risks related to fraud or non-compliance with laws and regulations.
- Discussing among the engagement team regarding how and where fraud might occur in the financial statements and any potential indicators of fraud, and;
- Obtaining an understanding of the legal and regulatory frameworks that the company operates in, focusing on those laws and regulations that had a direct effect on the financial statements, such as provisions of the UK Companies Act, pensions legislation and tax legislation or that had a fundamental effect on the operations of the company, including the General Data Protection requirements, Anti-bribery and corruption policies and Environmental laws and regulations pertaining to this industry.

In addition to the above, our procedures to respond to risks identified included the following:

- Reviewing the financial statement disclosures and testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- Enquiring of management concerning actual and potential litigation and claims;
- Performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- Reading available minutes of meetings of those charged with governance; and
- Testing journal entries to identify unusual transactions.

We also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members, and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

A further description of our responsibilities is available on the Financial Reporting Council's website at: https://www.frc.org.uk/auditors/audit-assurance-ethics/auditors-responsibilities-for-the-auditThis description forms part of our auditor's report.

Independent auditor's report to the members of Wheelabrator Group Limited (continued)

Use of our report

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

A. Calvert

Adam Calvert ACA (Senior Statutory Auditor)
For and on behalf of Rushtons
Chartered Accountants
Statutory Auditors
1 Faraday Court
Fulwood
Preston
Lancashire
PR2 9NB

Date 30/08/2023

Wheelabrator Group Limited
Profit and loss account

For the year ended 31 December 2022

	Note	2022 £000	2021 £000
Turnover	3	20,395	16,857
Cost of sales		(15,544)	(12,791)
Gross profit		4,851	4,066
Distribution costs		(2,307)	(1,826)
Administrative expenses		(2,436)	(1,414)
Research and development		(18)	-
Other operating income/(expense)		(7)	34
Restructuring income/(costs)		(251)	119
Operating profit / (loss)		(168)	979
Finance income (net)	4	1,218	1,149
Profit before taxation	5	1,049	2,128
Tax on profit	8	(54)	885
Profit/(loss) for the financial year attributable to the equity shareholders of the company		996	3,013

The above results derive from continuing operations.

The notes on pages 16 to 37 form part of these financial statements.

Wheelabrator Group Limited

Statement of comprehensive income

For the year ended 31 December 2022

	Note	2022 £000	2021 £000
Profit for the financial year		996	3,013
Remeasurement of net defined benefit liability	18	7,076	3,942
Tax relating to components of other comprehensive income		(1,822)	(985)
Total other comprehensive income / (expense)		5,254	2,957
Total comprehensive income / (expense) attributable to equity shareholders of the Company		6,250	5,970

The notes on pages 16 to 37 form part of these financial statements.

Wheelabrator Group Limited

Balance sheet
As at 31 December 2022

	Note	2022 £000	2021 £000
Fixed Assets			
Intangible assets	9	-	-
Tangible assets	10	453	546
Investments	11	200	200
		653	746
Debtors: amounts due in more than one year	13	32,259	27,829
Current assets			
Stocks	12	714	290
Debtors	13	20,448	24,842
Cash at bank and in hand		3,068	3,457
		24,229	28,589
Creditors: amounts falling due within one year	14	(9,457)	(15,359)
Net current assets		14,773	13,230
Creditors: amounts falling due after more than one year	15	(8,496)	(1,250)
Provisions for liabilities	18	(4,296)	(11,911)
Net assets		34,894	28,644
Capital and reserves			
Called up share capital	16	1,374	1,374
Share premium account		17,919	17,919
Profit and loss account		15,601	9,351
Total equity		34,894	28,644

The financial statements of Wheelabrator Group Limited (registered number 00033672) were approved by the board of directors and authorised for issue on 30/08/2023. They were signed on its behalf by:

R Shaw
Director

The notes on pages 16 to 37 form part of these financial statements.

Wheelabrator Group Limited

Statement of changes in equity
For the year ended 31 December 2022

	Note	Called up share capital	Share premium account	Profit and loss	Total
		£'000	£'000	£'000	£'000
At 1 January 2021		1,374	17,919	3,381	22,674
Profit for the financial year	5	-	-	3,013	3,013
Remeasurement of net defined benefit liability	18	-	-	3,942	3,942
Tax relating to items of other comprehensive income	8	-	-	(985)	(985)
Total comprehensive expense		-	-	5,970	5,970
At 31 December 2021		1,374	17,919	9,351	28,644
Profit for the financial year	5	-	-	996	996
Remeasurement of net defined benefit liability	18	-	-	7,076	7,076
Tax relating to items of other comprehensive income	8	-	-	(1,822)	(1,822)
Total comprehensive income		-	-	6,250	6,250
At 31 December 2022		1,374	17,919	15,601	34,894

Wheelabrator Group Limited

Notes to the financial statements
For the year ended 31 December 2022

1. Accounting policies

The principal accounting policies are summarised below. They have all been applied consistently throughout the year and in the preceding year.

a. General information and basis of accounting

Wheelabrator Group Limited is a private company, limited by shares, incorporated in the United Kingdom and registered in England and Wales. The address of the registered office is given on page 6. The nature of the company's operations and its principal activities are set out in the strategic report on page 3.

The financial statements have been prepared under the historical cost convention, and in accordance with Financial Reporting Standard 102 (FRS 102) issued by the Financial Reporting Council. The functional currency of Wheelabrator Group Limited is considered to be pounds sterling because that is the currency of the primary economic environment in which the company operates.

Wheelabrator Group Limited meets the definition of a qualifying entity under FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and has therefore taken advantage of the following disclosure exemptions in preparing these financial statements:

- The requirements of Section 7 Statement of Cash Flows;
- The requirements of Section 3 Financial Statement Presentation paragraph 3.17(d);
- The requirements of Section 11 Financial Instruments paragraphs 11.42, 11.44 to 11.45, 11.47, 11.48(a)(iii), 11.48(a)(iv), 11.48(b) and 11.48(c);
- The requirements of Section 12 Other Financial Instruments paragraphs 12.26 to 12.27, 12.29(a), 12.29(b) and 12.29A.

Wheelabrator Group Limited is consolidated in the financial statements of its parent, Norican Global A/S, a company incorporated in Denmark, which may be obtained from the address in note 20.

The company is exempt from the requirement to prepare group financial statements by virtue of section 401 of the Companies Act 2006. These financial statements therefore present information about the company as an individual undertaking and not about its group.

b. Going concern

The company's business activities, together with the factors likely to affect its future development, performance and position are set out in the strategic report. The directors' report further describes the position of the company; the company's objectives, policies and processes for managing its capital; its financial risk management objectives; details of its financial instruments and hedging activities; and its exposure to credit risk and liquidity risk.

The directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. In forming this expectation, the directors have considered the potential impact of further coronavirus outbreaks, the potential for a recession in the United Kingdom and supply chain disruption on the trading environment. Based on the assessment, the Directors have concluded that the company can operate for a period of at least 12 months from the date of this report. Therefore, these financial statements have been prepared on a going concern basis in accordance with the Companies Act 2006 and applicable accounting standards in the United Kingdom.

1. Accounting policies (continued)

c. Intangible assets

Goodwill arising on the acquisition of subsidiary undertakings and businesses is capitalised and amortised in equal annual instalments over its estimated useful economic life. Provision is made for any impairment. Separately acquired patents and trademarks are included at cost and amortised in equal annual instalments over their estimated useful economic life. Provision is made for any impairment.

d. Tangible fixed assets

Tangible fixed assets are stated at cost or valuation, net of depreciation and any provision for impairment. Depreciation is provided on all tangible fixed assets, other than investment properties and freehold land, at rates calculated to write off the cost or valuation, less estimated residual value, of each asset on a straight-line basis over its expected useful life, as follows:

Leasehold land and buildings	term of lease
Plant and machinery	10-25% per annum

Residual value represents the estimated amount which would currently be obtained from disposal of an asset, after deducting estimated costs of disposal, if the asset were already of the age and in the condition expected at the end of its useful life.

e. Financial instruments

Financial assets and financial liabilities are recognised when the company becomes a party to the contractual provisions of the instrument.

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

(i) Financial assets and liabilities

All financial assets and liabilities are initially measured at transaction price (including transaction costs), except for those financial assets classified as at fair value through profit or loss, which are initially measured at fair value (which is normally the transaction price excluding transaction costs), unless the arrangement constitutes a financing transaction. If an arrangement constitutes a financing transaction, the financial asset or financial liability is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Financial assets and liabilities are only offset in the balance sheet when, and only when there exists a legally enforceable right to set off the recognised amounts and the company intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Debt instruments which meet the following conditions are subsequently measured at amortised cost using the effective interest method:

(a) The contractual return to the holder is (i) a fixed amount; (ii) a positive fixed rate or a positive variable rate; or (iii) a combination of a positive or a negative fixed rate and a positive variable rate.

(b) The contract may provide for repayments of the principal or the return to the holder (but not both) to be linked to a single relevant observable index of general price inflation of the currency in which the debt instrument is denominated, provided such links are not leveraged.

Wheelabrator Group Limited

Notes to the financial statements (continued)
For the year ended 31 December 2022

1. Accounting policies (continued)

(c) The contract may provide for a determinable variation of the return to the holder during the life of the instrument, provided that (i) the new rate satisfies condition (a) and the variation is not contingent on future events other than (1) a change of a contractual variable rate; (2) to protect the holder against credit deterioration of the issuer; (3) changes in levies applied by a central bank or arising from changes in relevant taxation or law; or (ii) the new rate is a market rate of interest and satisfies condition (a).

(d) There is no contractual provision that could, by its terms, result in the holder losing the principal amount or any interest attributable to the current period or prior periods.

(e) Contractual provisions that permit the issuer to prepay a debt instrument or permit the holder to put it back to the issuer before maturity are not contingent on future events, other than to protect the holder against the credit deterioration of the issuer or a change in control of the issuer, or to protect the holder or issuer against changes in levies applied by a central bank or arising from changes in relevant taxation or law.

(f) Contractual provisions may permit the extension of the term of the debt instrument, provided that the return to the holder and any other contractual provisions applicable during the extended term satisfy the conditions of paragraphs (a) to (c).

Debt instruments that are classified as payable or receivable within one year on initial recognition and which meet the above conditions are measured at the undiscounted amount of the cash or other consideration expected to be paid or received, net of impairment.

With the exception of some hedging instruments, other debt instruments not meeting these conditions are measured at fair value through profit or loss.

Commitments to make and receive loans which meet the conditions mentioned above are measured at cost (which may be nil) less impairment.

Financial assets are derecognised when and only when a) the contractual rights to the cash flows from the financial asset expire or are settled, b) the company transfers to another party substantially all of the risks and rewards of ownership of the financial asset, or c) the company, despite having retained some, but not all, significant risks and rewards of ownership, has transferred control of the asset to another party.

Financial liabilities are derecognised only when the obligation specified in the contract is discharged, cancelled or expires.

(ii) Equity instruments

Equity instruments issued by the company are recorded at the fair value of cash or other resources received or receivable, net of direct issue costs.

(iii) Investments

Investment in subsidiaries are measured at cost less impairment.

f. Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to sell, which is equivalent to the net realisable value. Cost includes materials, direct labour and an attributable proportion of manufacturing overheads based on normal levels of activity. Cost is calculated using the FIFO (first-in, first-out) method. Provision is made for obsolete, slow-moving or defective items where appropriate.

1. Accounting policies (continued)

g. Impairment of assets

Assets, other than those measured at fair value, are assessed for indicators of impairment at each balance sheet date. If there is objective evidence of impairment, an impairment loss is recognised in profit or loss as described below.

Non-financial assets

An asset is impaired where there is objective evidence that, as a result of one or more events that occurred after initial recognition, the estimated recoverable value of the asset has been reduced. The recoverable amount of an asset is the higher of its fair value less costs to sell and its value in use.

Where indicators exist for a decrease in impairment loss, the prior impairment loss is tested to determine reversal. An impairment loss is reversed on an individual impaired asset to the extent that the revised recoverable value does not lead to a revised carrying amount higher than the carrying value had no impairment been recognised.

Financial assets

For financial assets carried at amortised cost, the amount of impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

g. Impairment of assets (continued)

For financial assets carried at cost less impairment, the impairment loss is the difference between the asset's carrying amount and the best estimate of the amount that would be received for the asset if it were to be sold at the reporting date.

Where indicators exist for a decrease in impairment loss, and the decrease can be related objectively to an event occurring after the impairment was recognised, the prior impairment loss is tested to determine reversal. An impairment loss is reversed on an individual impaired financial asset to the extent that the revised recoverable value does not lead to a revised carrying amount higher than the carrying value had no impairment been recognised.

h. 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 tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the company's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

When the amount that can be deducted for tax for an asset that is recognised in a business combination is less (more) than the value at which it is recognised, a deferred tax liability (asset) is recognised for the additional tax that will be paid (avoided) in respect of that difference. Similarly, a deferred tax asset (liability) is recognised for the

1. Accounting policies (continued)

additional tax that will be avoided (paid) because of a difference between the value at which a liability is recognised and the amount that will be assessed for tax.

Deferred tax liabilities are recognised for timing differences arising from investments in subsidiaries and associates, except where the company is able to control the reversal of the timing difference and it is probable that it will not reverse in the foreseeable future.

Deferred tax is measured using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date that are expected to apply to the reversal of the timing difference. Deferred tax relating to property, plant and equipment measured using the revaluation model and investment property is measured using the tax rates and allowances that apply to sale of the asset.

Where items recognised in other comprehensive income or equity are chargeable to or deductible for tax purposes, the resulting current or deferred tax expense or income is presented in the same component of comprehensive income or equity as the transaction or other event that resulted in the tax expense or income.

Current tax assets and liabilities are offset only when there is a legally enforceable right to set off the amounts and the company intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

Deferred tax assets and liabilities are offset only if: a) the company has a legally enforceable right to set off current tax assets against current tax liabilities; and b) the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

i. Turnover

Turnover is stated net of VAT and trade discounts and is recognised when the significant risks and rewards are considered to have been transferred to the buyer. Turnover from the supply of services represents the value of services provided under contracts to the extent that there is a right to consideration and is recorded at the fair value of the consideration received or receivable. Where payments are received from customers in advance of services provided, the amounts are recorded as deferred income and included as part of creditors due within one year.

j. Interest income

Revenue is recognised as interest accrues using the effective interest method.

k. Employee benefits

The company offers pensions to all employees through a funded defined benefit scheme and a number of defined contribution schemes.

Contributions to defined contribution schemes are charged to profit and loss account in the year in which they become payable.

The assets of the defined benefit scheme are held separately from those of the company in trustee administered funds. Pension scheme assets are measured at fair value and liabilities are measured on an actuarial basis using the projected unit method and discounted at a rate equivalent to the current rate of return on a high-quality corporate bond of equivalent currency and term to the scheme liabilities. Actuarial valuations are obtained at each balance sheet date. The resulting defined benefit asset or liability, net of the related deferred tax, is presented separately

1. Accounting policies (continued)

after other net assets on the face of the balance sheet. Further details in respect of these pension arrangements are shown in note 18. Changes in the defined benefit pension scheme asset or liability arising from factors other than cash contribution by the group are charged to the statement of comprehensive income in accordance with FRS 102.

l. Foreign currency

Transactions in foreign currencies are recorded at the rate of exchange at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are reported at the rates of exchange prevailing at that date.

Exchange differences are recognised in profit or loss in the period in which they arise.

m. Leases

Rentals under operating leases are charged on a straight-line basis over the lease term, even if the payments are not made on such a basis. Benefits received and receivable as an incentive to sign an operating lease are similarly spread on a straight-line basis over the lease term.

n. Research & development expenditure

Expenditure on research and development is written off to the profit and loss account in the period in which it is incurred.

o. Government grants

Grants from the government, if relevant, are recognized using the accruals method.

2. Critical accounting judgements and key sources of estimation uncertainty

In the application of the company's accounting policies, which are described in note 1, the directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

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

Critical judgements in applying the company's accounting policies

The following are the critical judgements, apart from those involving estimations (which are dealt with separately below), that the directors have made in the process of applying the company's accounting policies and that have the most significant effect on the amounts recognised in the financial statements.

Key source of estimation uncertainty – Valuation of stock

The company reviews its stock valuation continually to ensure that items are not valued at above net realisable values. Current selling prices and historic rates of sale are reviewed to ensure that a suitable provision is made to the carrying value of the stock where there is the likelihood that an item might be sold below its historic price. See Note 12.

Key source of estimation uncertainty – Pensions

The determination of the pension cost and defined benefit obligation of the Company's defined benefit scheme depends on the selection of certain assumption which include the discount rate, inflation rate, salary growth, mortality and expected return on scheme assets. Differences arising from actual experiences or future changes in assumptions will be reflected in subsequent periods (see Note 18).

3. Turnover

An analysis of the company's turnover by geographical market is set out below.

	2022 £000	2021 £000
Turnover:		
United Kingdom	8,150	9,011
Rest of World	12,245	7,846
	20,395	16,857

All turnover is derived from the company's principal activity.

4. Finance income (net)

	2022 £000	2021 £000
Interest payable	(97)	(140)
Interest receivable	1,537	1,511
Other finance costs	(222)	(222)
	1,218	1,149

Interest payable

	2022 £000	2021 £000
Inter-company loan interest payable	-	-
Bank loans and overdrafts	97	140
	97	140

5. Profit before taxation

Profit before taxation is stated after charging/(crediting):

	2022 £000	2021 £000
Depreciation of tangible fixed assets (note 10)	95	91
Research and development	18	-
Operating lease rentals	541	477
Foreign exchange gain	(722)	116
(Release from) / charge to restructuring provision	133	(119)
Cost of stock recognised as an expense	11,297	9,247

6. Auditor's remuneration

Fees payable to the auditors and their associates for the audit of the company's annual financial statements were £34,000 (2021: £64,000).

Fees payable to the auditors and their associates for non-audit services to the company are not required to be disclosed because the consolidated financial statements of the parent company are required to disclose such fees on a consolidated basis.

7. Staff numbers and costs

The average monthly number of employees was:

	2022 Number	2021 Number
Production	29	31
Selling and distribution	17	21
Administration	24	18
	70	70

Their aggregate remuneration comprised:

	2022 £000	2021 £000
Wages and salaries	4,066	4,891
Social security costs	511	592
Other pension costs	143	222
	5,490	5,705

'Other pension costs' includes only those items included within operating costs.

The emoluments of the directors were borne by other group companies, which make no recharge to the Company. They are directors and senior managers of a large number of fellow subsidiaries, and it is not possible to make an accurate apportionment of their emoluments in respect of each of the subsidiaries. The total emoluments are disclosed in the financial statements of the ultimate parent company.

8. Tax on profit

The tax credit comprises:

	2022 £000	2021 £000
Current tax on profit		
UK corporation tax	-	-
Foreign tax	-	75
	-	75
Deferred tax		
Origination and reversal of timing differences	103	145
Effect of changes in tax rates	32	(1,100)
Adjustment in respect of prior periods	(82)	(4)
	54	(885)

The difference between the total tax (credit)/charge shown above and the amount calculated by applying the standard rate of UK corporation tax to the profit before tax is as follows:

8. Tax on profit (continued)

	2022 £000	2021 £000
Profit before tax	996	2,128
Tax on profit at standard UK corporation tax rate of 19.00% (2021: 19.00%)	189	404
Effects of:		
- Investment impairment	-	-
- Expenses not deductible for tax purposes	2	1
- Fixed asset differences	1	4
- Other timing differences	(26)	(935)
- Group relief	(5)	(308)
- Adjustments to previous periods	(82)	(4)
- Foreign branch tax adjustment	-	(47)
Total tax (credit)/charge for the year	54	(885)

In the Spring Budget 2021, the UK Government announced that legislation will be introduced in the Finance Bill 2021 to increase the UK Corporation Tax main rate to 25% for periods beginning 1 April 2023. The deferred tax asset has been calculated using the rate of 25%.

9. Intangible fixed assets

	Goodwill £000
Cost	
At 1 January and 31 December 2022	1,108
Amortisation	
At 1 January and 31 December 2022	1,108
Net book value	
At 31 December 2022	-
At 31 December 2021	-

Notes to the financial statements (continued)
For the year ended 31 December 2022

10. Tangible fixed assets

	Leasehold Improvements £'000	Plant & Machinery £'000	Total £'000
Cost			
At 1 January 2022	539	3,094	3,633
Additions	-	1	1
At 31 December 2022	539	3,095	3,634
Depreciation			
At 1 January 2022	428	2,658	3,086
Charge for the year	23	72	95
At 31 December 2022	451	2,730	3,181
Net book value			
At 31 December 2022	88	366	453
At 31 December 2021	110	436	546

11. Fixed asset investments

	Shares in subsidiary undertakings £000
Cost	
At 1 January and 31 December 2022	1,350
Impairment	
At 1 January and 31 December 2022	1,150
Net book value	
At 31 December 2022	200
At 31 December 2021	200

The principal undertakings in which the company has an interest at the year-end are:

Name	Country of Incorporation	Principal Activity	Class Shares	%
Castalloy Europe Ltd Registered office: 22 Edward Court, Altrincham, Cheshire, WA14 5GL	England	Foundry	Ordinary	100
Striko UK Limited Registered office: 22 Edward Court, Altrincham, Cheshire, WA14 5GL	England	Selling	Ordinary	100

12. Stocks

	2022 £000	2021 £000
Work in progress	469	22
Finished goods and goods for resale	245	268
	714	290

There is no material difference between carrying amounts and replacement costs for inventory.

13. Debtors

	2022 £000	2021 £000
Debtors: amounts due in less than one year		
Trade debtors	3,637	3,317
Amounts owed by group undertakings	14,869	17,700
Other debtors	15	20
Prepayments and accrued income	293	349
Deferred tax asset	1,633	3,456
	20,448	24,842

Amounts owed by group undertakings are repayable on demand and are interest free.

Within other debtors there are no cash deposits lodged with the group's bankers to secure bonds issued to customers respect of cash in 2022 (2021: £0).

The deferred tax asset of £1,633,341 (2021: £3,455,718) is made up of £379,710 (2021: £275,855) of accelerated capital allowances and £1,253,631 (2021: £3,179,863) of other short term timing differences. The deferred tax asset has been recognised in the current year on the basis that the directors expect the reversal of the underlying timing differences to occur in the foreseeable future.

13. Debtors (continued)

Debtors: amounts due in more than one year

Amounts owed by group undertakings	32,259	27,829

Amounts owed by group undertakings are repayable on 31 January 2027, are unsecured and carry interest at market representative rates. The associated loan agreements replace the previous agreements ending on 31 January 2023.

14. Creditors: amounts falling due within one year

	2022 £000	2021 £000
Bank Overdraft (see note 18)	-	2,482
Trade creditors	302	520
Amounts owed to group undertakings	5,824	6,790
Corporation tax	99	27
Other taxation and social security	295	388
Accruals and deferred income	2,938	5,152
	9,457	15,359

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

15. Creditors: amounts falling due in more than one year

	2022 £000	2021 £000
Amounts owed to group undertakings	8,496	1,250

Amounts owed to group undertakings are unsecured, carry interest at market representative rates and are repayable on 31 January 2027. The associated loan agreements replace the previous agreements ending on 31 January 2023.

16. Called-up share capital and reserves

	2022 £000	2021 £000
Allotted, called-up and fully-paid		
1,374,353 ordinary shares of £1 each	1,374	1,374

The company has one class of ordinary shares which carry no right to fixed income.

The company's other reserves are as follows:

The share premium reserve contains the premium arising on issue of equity shares, net of issue expenses.

The profit and loss reserve represents cumulative profits or losses, net of dividends paid and other adjustments.

17. Financial commitments

The company had no capital commitments at 31 December 2022 or 2021.

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

	2022		2021	
	Land and buildings £000	Other £000	Land and buildings £000	Other £000
- within one year	334	88	388	140
- between one and five years	715	57	949	128
- after five years	-	-	-	-
	1,049	145	1,337	268

18. Pensions

Pensions

The company operates a number of defined contribution schemes for which the pension cost charge for the year amounts to £157,264 (2021: £160,000).

Contributions of £23,206 were outstanding at the year-end in respect of the schemes (2021: £26,000).

The company also operates a funded defined benefit scheme for certain employees. The assets of the scheme are held separately from those of the company in an independently administered fund.

The most recent actuarial valuation of the scheme was at 6 April 2022 and the assumptions that have the most significant effect on the results of the valuation are the rate of return on investments and the rates of increase in salaries and pensions. This valuation has been updated on an FRS 102 basis by the scheme actuary at 31 December 2022.

The market value of the scheme assets at the last valuation date (31 December 2022) was £28,588,008 (previously £37,941,000). The actuarial value of these assets represented 86.9% (2021: 76.1%) of the benefits that had accrued to members after allowing for expected increases in earnings. The company is paying increased contributions to the scheme, which are expected to remove the deficit as at 6 April 2022 over a period agreed between the company and the trustees.

Contributions paid into the scheme were £810,750 during the year (2021: £550,000).

18. Pensions (continued)

Reconciliation of present value of plan liabilities

	2022 £000	2021 £000
At 1 January	49,852	53,826
Current service cost	46	63
Interest cost	954	735
Actuarial (gains) / losses	(16,027)	(2,091)
Benefits paid	(1,941)	(2,681)
At 31 December	32,884	49,852

Composition of plan liabilities

	2022 £000	2021 £000
Schemes wholly or partly funded	32,884	49,852

Reconciliation of fair value of plan assets

	2022 £000	2021 £000
At 1 January	37,941	37,708
Expected rate of return on plan assets	729	513
Actuarial gains/(losses)	(8,951)	1,851
Contributions by employer	811	550
Benefits paid	(1,941)	(2,681)
At 31 December	28,589	37,941

During the year, the actual return on planned assets was a decrease in value of £8,222,489 (2021: increase of £2,364,000).

Market value of the scheme's assets

18. Pensions (continued)

The fair value of the scheme's assets, which are not intended to be realised in the short term and may be subject to significant change before they are realised, and the present value of the scheme's liabilities, which are derived from cash flow projections over long periods and thus inherently uncertain, were:

	Value at 31 December 2022 £000	Value at 31 December 2021 £000
Equities	10,752	16,984
Government stock	-	5,607
Corporate bonds	-	14,468
Infrastructure	2,577	-
Multi-asset credit	5,343	-
LDI	5,695	-
Other - cash	3,645	98
Value of insured pensions	576	784
	28,588	37,941

Reconciliation to balance sheet and five-year history

	2022 £000	2021 £000	2020 £000	2019 £000	2018 £000
Present value of scheme liabilities	(32,884)	(49,852)	(53,826)	(49,427)	(44,710)
Fair value of scheme assets	28,589	37,941	37,708	36,651	33,200
	(4,295)	(11,911)	(16,118)	(12,776)	(11,510)

18. Pensions (continued)

The movement in the deficit during the year was as follows:

	2022	2021
	£000	£000
Deficit in scheme at beginning of year	(11,912)	(16,118)
Current service cost	(46)	(63)
Contributions paid	811	550
Other finance costs	(225)	(222)
Actuarial gain	7,076	3,942
Deficit net of tax in the scheme at end of year	(4,296)	(11,912)

Analysis of amounts included in other finance costs

	2022	2021
	£000	£000
Interest on pension scheme liabilities	(954)	(735)
Expected return on pension scheme assets	729	513
	(225)	(222)

Other finance cost is included within 'finance income (net)' in the profit and loss account.

	2022	2021
	%	%
Rate of increase in salaries	2.40	2.65
Rate of increase in pensions in payment	3.00	3.03
Discount rate	4.85	1.95
Inflation assumption (RPI)	3.10	3.35
Inflation assumption (CPI)	2.40	2.65

The assumptions used by the actuary are the best estimates chosen from a range of possible actuarial assumptions which, due to the timescale covered, may not necessarily be borne out in practice.

Wheelabrator Group Limited

Notes to financial statements (continued)
For the year ended 31 December 2022

18. Pensions (continued)

Analysis of amounts recognised in the statement of comprehensive income:

	2022 £000	2021 £000
Actual return less expected return on assets	(8,951)	1,851
Experience gains arising on liabilities	(1,586)	(572)
Changes in assumptions underlying the present value of the scheme liabilities	17,613	2,663
	7,076	3,942

Analysis of amount recognised in statement of total recognised gains and losses:

	2022	2021	2020	2019	2018
Actual return less expected return on scheme assets (£'000)	(8,951)	1,851	1,503	3,583	(2,275)
Percentage of year end scheme assets	31.3%	4.9%	4.0%	9.8%	6.9%
Experience gains and losses arising on scheme liabilities (£'000)	(1,586)	(572)	180	93	(2,002)
Percentage of present value of year end scheme liabilities	4.8%	1.1%	0.3%	0.2%	4.5%
Actuarial gain / (loss) recognised in Statement of comprehensive income (£'000)	7,706	3,942	(3,569)	(1,418)	126
Percentage of present value of year end scheme liabilities	21.5%	7.9%	6.6%	2.9%	0.3%

The scheme was closed to future accrual with effect from 31 August 2016.

Wheelabrator Group Limited

Notes to financial statements (continued)
For the year ended 31 December 2022

19. Contingent liabilities

As at 31 December 2022, the Norican Group's debt and debt facilities comprised of €340.0m of 4.5% Senior Secured Notes due for repayment in 2023 and a revolving credit facility of €55.0m, with availability to 28 February 2023. On 28 February 2023, the group completed the refinancing of its debt. The €340.0m Senior Secured Notes were redeemed in full. New loans totalling €270m from a consortium of Nordic banks and investment funds, plus a new €60m revolving credit facility provided by certain members of the financing consortium, were put in place. The weighted average maturity of the term loans is greater than 4 years and the weighted average interest margin is under 6.0%.

In common with other participating companies, the company has given a fixed and floating charge on its assets to secure these facilities. At 31 December 2022, bank guarantees of €24.4m had been issued by the Group from the revolving credit facility.

The company has given bank guarantees to customers in respect of advance payments and the performance of goods sold, amounting to £nil (2021: £0). A guarantee is also in place for £10,000 (2021: £10,000) in favour of HM Revenue and Customs.

20. Ultimate controlling party & immediate controlling party

The directors regard Norican Global A/S, registered in Denmark, as the ultimate parent company and Altor Fund IV Holding AB, registered in Sweden, as the ultimate controlling party.

The smallest and largest group in which the company's results are consolidated is that headed by Norican Global A/S, whose registered address is Hojager 8, DK-2630, Taastrup, Denmark. Group consolidated financial statements can be obtained from the registered address of Norican Global A/S.