Company Registration No. 00579409

Darrington Quarries Limited

Annual report and financial statements

for the year ended 31 December 2021

Darrington Quarries Limited

Annual report and financial statements 2021

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Officers and professional advisers

Directors

P Taylor
V F Orts-Llopis
A Serrano Minchan (resigned 11 February 2022)

Registered Office

3 Sidings Court
White Rose Way
Doncaster
United Kingdom
DN4 5NU

Auditor

Ernst & Young LLP
Statutory Auditor
1 Bridgewater Place
Water Lane
Leeds
LS11 5QR
United Kingdom

Darrington Quarries Limited

Director's report

The Directors present their annual report and the audited financial statements of Darrington Quarries Limited ("the Company") for the year ended 31 December 2021.

Overview of Group

The Company is an indirect subsidiary of FCC Environment (UK) Limited and its ultimate parent is Fomento de Construcciones y Contratas, S.A. ("FCC"). FCC is a significant multi-national business listed on the Madrid stock exchange with operations in Europe, America, Africa, and the Middle East. FCC is among the top global players that deliver Environmental Services (including water and waste management), and has implemented a balanced business model, combining other activities such as Construction, Cement and Real Estate.

FCC's financial capacity and depth of experience in the European waste infrastructure sector is backed by over 100 years of experience in operating municipal services contracts. This complements both the position of the Company and its 40 fellow subsidiaries (together the "Group" or "FCC E UK") as a leading waste management, recycling and renewable energy business, and the Group's ambition to maintain its position as a significant player in establishing the next generation of waste treatment infrastructure in the UK. The core services provided by the Group are fully aligned with FCC's strategic growth plans. The Group is ideally placed to take advantage of local opportunities to provide the services and infrastructure required by the UK, to meet existing legislative framework and emerging proposals to promote circular economy infrastructure, by recognising the true value of the materials we handle. The Board continues to look forward to the opportunities that are presented to the Group and its employees by virtue of FCC's plans to expand and embed its operations in the UK.

Principal activity

The principal activity of the Company during the year ended 31 December 2021 was stone quarrying and landfill management.

Directors

The following individuals served as Directors of the Company during the year ended 31 December 2021 and up to the date of this report:

P Taylor
V F Orts-Llopis
A Serrano Minchan (resigned 11 February 2022)

Directors' indemnities

During the financial year, qualifying third party indemnity provisions for the benefit of all Directors of the Company were in force and continue to be in force at the date of this report. Such provisions were made by FCC.

Results, dividends and key performance indicators

The results for the year ended 31 December 2021 are set out on page 10. The loss for the financial year ended 31 December 2021 amounted to £1.4million (2020: £0.6million). The Company did not pay an interim dividend during the year (2020: £nil) and furthermore, the Directors do not recommend the payment of a final dividend (2020: £nil).

For the year ended 31 December 2021, revenue increased by 14.2% to £8.3million (2020: £7.3million). This reflects increased tonnage activities at the quarries.

Operating loss in 2021 was £1.7million (2020: £0.1million). The increase in operating loss is a result of higher environmental charges and impairment of tangible assets as detailed in note 5.

FCC E UK manages its operations on a divisional basis and information regarding key performance indicators is included within the FCC E UK annual report. For this reason, the Company's Directors believe that the disclosure of further financial and non-financial key performance indicators for the Company is not appropriate for an understanding of the development, performance or position of the business. Copies of the FCC E UK annual report can be obtained from the address in note 23.

Going concern

The directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Thus, they continue to adopt the going concern basis in preparing the annual financial statements.

Further details regarding the adoption of the going concern basis can be found in note 2 to the financial statements.

Darrington Quarries Limited

Director's report

Financial risk management

The Company is exposed to financial risk through its financial assets and liabilities. The most important components of financial risk are interest rate risk, credit risk and liquidity risk. Due to the nature of the Company's activities and the assets contained within the Company's balance sheet, the only financial risks the Directors consider relevant to the Company are liquidity and credit risk.

Liquidity and credit risk

The Company's exposure to liquidity and credit risk is reduced as it is a wholly owned subsidiary of FCC E UK and participates in a cash-pooling agreement with FCC E UK and FCC E UK's subsidiary undertakings (together the "Group"). Credit risk arises from the risk of having credit exposures to customers, including outstanding receivables. The Company reviews the credit ratings of all significant customers regularly and continues to monitor the quality of debtor balances on an ongoing basis. Liquidity risk is the risk that the Company does not have sufficient cash resources to meet its commitments. The Company prepares and reviews cash flow forecasts frequently to ensure that it has sufficient resources to meet its cash flow commitments.

Economic

The Group has exposure to reduced economic activity, and in the current year has seen waste volumes reduce where lower economic output has been a factor. We have reviewed the potential impacts and consider that we have sufficient mitigations in place. The Group's strategy is focused on growing through further investment in EfW infrastructure projects.

Covid-19

Covid-19 was declared a global pandemic on 11 March 2020 by the World Health Organisation and measures taken by governments around the world including the UK to combat this public health emergency have had far reaching implications on peoples' lives, economies and businesses. As a designated 'Key Worker' and provider of essential public services, the Group continued, where possible, to provide first class services at that difficult time. In response to the crisis, the Group established a Covid-19 committee consisting of the Group's executive management team whilst the Group also participated in a wider FCC global response committee. The team had regular virtual meetings during the height of the crisis with the welfare of employees, customers, suppliers and other stakeholders visiting our sites, the primary concern. The committee considered and ensured the practical implementation of government guidelines and also managed the operational and financial implications for the business.

Employees

The professionalism and commitment shown by the Group's employees over the past year during the pandemic and the challenges it has brought was exceptional and continues to be a major contribution to its operations. The Board would again like to thank all employees for their hard work, dedication and loyalty during the year.

FCC E UK continues to be committed to ensuring that its policies and practices reflect human resource best practice. The Group's policy of equal opportunity gives all employees the same chance to succeed, irrespective of age, race, nationality, ethnic origin, disability, membership of a trade union, sex or marital status.

Employees' ways of working changed during 2020 with staff adapting to home working and front line staff working within the safety parameters put in place by the Group. This has enabled the Company to continue to provide its day to day services. Employees fully embraced new working patterns and to their credit made them work.

The Board is dedicated to maintaining the highest standards of honesty, openness and accountability and recognise that employees have an important part to play in achieving this goal. All employees are encouraged to report any concerns they may have over wrongdoing at work via an independent confidential reporting (whistleblowing) service that employees can access should they feel uncomfortable in approaching management.

Training continues to be a high priority for the Group and it recognises that it is vital that its employees have the relevant skills to take up the new and exciting roles that are being created as the industry, and therefore the business, evolves. We had to make adaptations to the way we provided training with much delivery moved to online provision. We have continued to pay particular attention to succession planning in the business and developing our future leaders and bringing new talent into the business by way of apprenticeships and graduate programmes.

We believe our employee value proposition is one that makes us a go to company to work for and this is reflected in higher rates of engagement by our employees.

Post balance sheet event

The conflict between Russia and Ukraine is a post balance sheet event that remains ongoing at the date of approval of the financial statements. See note 22 for details of the considerations and implications on the Group.

Darrington Quarries Limited

Director's report

Directors' responsibilities statement

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 Financial Reporting Standard 101 'Reduced Disclosure Framework' ("FRS 101").

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 in accordance with IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors* and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- provide additional disclosures when compliance with the specific requirements in FRS 101 is insufficient to enable users to understand the impact of particular transactions, other events and conditions on the company financial position and financial performance;
- state whether applicable UK Accounting Standards, including FRS 101, have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

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

Disclosure of information to the auditor

The Directors who held office at the date of approval of this Directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditor is unaware; and each Director has taken all the steps that he ought to have taken as a Director 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 section 418 of the Companies Act 2006 ("the Act").

Small companies exemption

This Directors' report has been prepared in accordance with the provisions applicable to companies entitled to the small companies exemption. As a result of this exemption, the Company has elected not to prepare a separate Strategic Report.

Approved by the Board of Directors

and signed on its behalf by:

V F Orts-Llopis
Director
28 September 2022

Darrington Quarries Limited

Independent auditor's report to the members of Darrington Quarries Limited

Opinion

We have audited the financial statements of Darrington Quarries Limited (the 'company') for the year ended 31 December 2021 which comprise the Statement of comprehensive income, the Balance Sheet, the Statement of changes in equity and the related notes 1 to 23, including a summary of significant accounting policies The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards including FRS 101 "Reduced Disclosure Framework (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the company's affairs as at 31 December 2021 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard and the provisions available for small entities, in the circumstances set out in the directors' report, 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 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. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the company's ability to continue as a going concern.

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 this 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 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 the 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 Darrington Quarries Limited

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 directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the directors' report has 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 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
- the directors were not entitled to prepare the financial statements in accordance with the small companies' regime and take advantage of the small companies' exemptions in preparing the directors' report and from the requirement to prepare a strategic report.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement 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.

Independent auditor's report to the members of Darrington Quarries Limited

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect irregularities, including fraud. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below. However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the entity and management.

Our approach was as follows:

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the company and determined that the most significant are those that relate to the reporting framework including, United Kingdom Accounting Standards including FRS 101 "Reduced Disclosure Framework" (United Kingdom Generally Accepted Accounting Practice) and the Companies Act 2006 and the relevant tax compliance regulations in the UK. The Company also has to comply with general data protection regulations ('GDPR'), Health & Safety at Work Act, EU Directive on the Landfill of Waste, Environmental Permitting (England and Wales) Regulations, Employment Rights Act, Landfill Tax Regulations and Environmental Regulations.
- We understood how Darrington Quarries Limited is complying with those frameworks by making enquiries of management to understand how the Company maintains and communicates its policies and procedures in these areas. We corroborated this by reviewing supporting documentation to validate that the Company has a process for monitoring legal requirements and has a process for reporting matters of non-compliance and taking appropriate action.
- We assessed the susceptibility of the company's financial statements to material misstatement, including how fraud might occur by gaining an understanding of the Company's policies and making enquiries of management and those charged with governance. We also used data analytics and obtained the entire population of journals for the year, identifying the specific transactions for further investigation based on certain risk criteria. We understood the items identified for testing and agreed them to source documentation.
- Based on this understanding we designed our audit procedures to identify noncompliance with such laws and regulations. Our procedures involved, enquiry of management and those charged with governance as to any fraud identified or suspected in the period or any actual or potential litigation or claims or breaches of significant laws or regulations applicable to the Company, auditing the risk of management override of controls through enquiry of management as well as testing of a sample of journal entries based on certain risk criteria, challenging the judgements made by management through corroborating the basis for those judgments and considering contradicting evidence and reading financial statement disclosures and testing to supporting documentation to assess compliance with applicable laws and regulations.

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

Use of our report

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

Ernst & Young LLP

Richard Lingwood (Senior statutory auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
Newcastle
29 September 2022

Darrington Quarries Limited

Statement of comprehensive income
For the year ended 31 December 2021

	Note	2021 £'000	2020 £'000
Revenue	4	**8,312**	7,280
Staff costs	6	**(1,624)**	(1,571)
Other operating expenses		**(7,179)**	(5,140)
Depreciation and amortisation		**(858)**	(676)
Impairment of assets		**(317)**	-
Operating loss		**(1,666)**	(107)
Finance costs	8	**(371)**	(532)
Loss before tax	5	**(2,037)**	(639)
Tax credit on loss	9	**641**	4
Loss for the financial year		**(1,396)**	(635)
Other comprehensive result for the year, net of tax		**-**	-
Total comprehensive expense for the year		**(1,396)**	(635)

The notes on pages 11 to 27 are an integral part of these financial statements.

Darrington Quarries Limited

Balance sheet
As at 31 December 2021

	Note	2021 £'000	2020 £'000
Non-current assets			
Intangible assets	10	**2,249**	2,249
Property, plant and equipment	11	**5,416**	5,083
Investments	12	**1**	1
Other receivables	13	**363**	363
Deferred tax	17	**164**	-
		8,193	7,696
Current assets			
Stock		**49**	49
Other receivables	13	**400**	-
		449	49
TOTAL ASSETS		**8,642**	7,745
EQUITY AND LIABILITIES			
Share capital	18	**10**	10
Share premium account		**26**	26
Revaluation reserve		**1,128**	1,169
Capital contribution reserve		**3,481**	3,481
Retained earnings		**(9,741)**	(8,386)
Total shareholder's deficit		**(5,096)**	(3,700)
Non-current liabilities			
Provisions for liabilities	16	**10,807**	9,070
Deferred tax	17	**-**	176
Lease liabilities	15	**103**	-
		10,910	9,246
Current liabilities			
Provisions for liabilities	16	**603**	603
Lease liabilities	15	**2**	-
Other payables	14	**2,223**	1,596
		2,828	2,199
Total liabilities		**13,738**	11,445
TOTAL EQUITY AND LIABILITIES		**8,642**	7,745

The notes on pages 11 to 27 are an integral part of these financial statements.

The financial statements of Darrington Quarries Limited, registered number 00579409 were approved by the Board of Directors and authorised for issue on 28 September 2022. They were signed on its behalf by:

V F Orts-Llopis
Director

Darrington Quarries Limited

Statement of changes in equity
For the year ended 31 December 2021

	Share capital £'000	Share premium account £'000	Revaluation reserve £'000	Capital contribution reserve £'000	Retained earnings £'000	Total £'000
Year ended 31 December 2021						
At 1 January 2021	10	26	1,169	3,481	(8,386)	(3,700)
Loss for the year and total comprehensive expense	-	-	-	-	(1,396)	(1,396)
Transfer from revaluation reserve to profit and loss account	-	-	(41)	-	41	-
At 31 December 2021	**10**	**26**	**1,128**	**3,481**	**(9,741)**	**(5,096)**
Year ended 31 December 2020						
At 1 January 2020	10	26	1,210	3,481	(7,792)	(3,065)
Loss for the year and total comprehensive expense	-	-	-	-	(635)	(635)
Transfer from revaluation reserve to profit and loss account	-	-	(41)	-	41	-
At 31 December 2020	**10**	**26**	**1,169**	**3,481**	**(8,386)**	**(3,700)**

Darrington Quarries Limited

Notes to the financial statements
For the year ended 31 December 2021

1. Corporate information

Darrington Quarries Limited is a private company limited by shares incorporated in the United Kingdom under the Companies Act 2006, registered in England and Wales. The address of the registered office is given on page 1. The nature of the Company's operations and its principal activities are set out in the Directors' report.

2. Accounting policies

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

General information and basis of accounting

The financial statements have been prepared under the historical cost convention, modified by the revaluation of freehold and leasehold properties, and in accordance with Financial Reporting Standard 101 'Reduced Disclosure Framework' ("FRS 101") issued by the Financial Reporting Council.

The functional and presentational currency of Darrington Quarries Limited is considered to be pounds sterling because that is the currency of the primary economic environment in which the Company operates.

Exemptions for qualifying entities under FRS 101

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

(a) The requirements of paragraphs 45(b) and 46 to 52 of IFRS 2 *Share-based Payment;*
(b) The requirements of paragraphs 62, B64(d), B64(e), B64(g), B64(h), B64(j) to B64(m), B64(n)(ii), B64(o)(ii), B64(p), B64(q)(ii), B66 and B67 of IRFS 3 *Business Combinations;*
(c) The requirements of IFRS 7 *Financial Instruments: Disclosures;*
(d) The requirements of paragraphs 91 to 99 of IFRS 13 *Fair Value Measurement;*
(e) The requirement in paragraph 38 of IAS 1 *Presentation of Financial Statements* to present comparative information in respect of:
   i. paragraph 79(a)(iv) of IAS 1;
   ii. paragraph 73(e) of IAS 16 *Property, Plant and Equipment*;
   iii. paragraph 118(e) of IAS 38 *Intangible Assets*;
(f) The requirements of paragraphs 10(d), 10(f), 16, 38A, 38B, 38C, 38D, 40A, 40B, 40C, 40D, 111 and 134 to 136 of IAS 1 *Presentation of Financial Statements;*
(g) The requirements of IAS 7 *Statement of Cash Flows;*
(h) The requirements of paragraphs 30 and 31 of IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors;*
(i) The requirements of paragraph 17 of IAS 24 *Related Party Disclosures;*
(j) The requirements in IAS 24 *Related Party Disclosures* to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member; and
(k) The requirements of paragraphs 134(d) to 134(f) and 135(c) to 135(e) of IAS 36 *Impairment of Assets.*

Where relevant, equivalent disclosures have been given in the consolidated FCC E UK group financial statements, copies of which are available from its registered office at 3 Sidings Court, White Rose Way, Doncaster, DN4 5NU.

2. Accounting policies (continued)

New and amended IFRS standards that are effective for the current year

New Standards and amendments to Standards and Interpretations that became mandatory for the first time for the financial year beginning 1 January 2020 are listed below. The amendments had no material impact on the Company's results:

- Amendments to IFRS 4 Insurance Contracts regarding replacement issues in the context of the IBOR reform material (mandatory for the year commencing on or after 1 January 2021).
- Amendments to IFRS 7 Financial Instruments: Disclosures regarding replacement issues in the context of the IBOR reform (mandatory for the year commencing on or after 1 January 2021).
- Amendments to IFRS 7 Financial Instruments regarding replacement issues in the context of the IBOR reform (mandatory for the year commencing on or after 1 January 2021).
- Amendment to IFRS 16 Leases to provide lessees with an exemption from assessing whether a COVID-19 related rent concession is a lease modification (mandatory for the year commencing on or after 1 June 2020).
- Amendments to IFRS 16 Leases regarding replacement issues in the context of the IBOR reform (mandatory for the year commencing on or after 1 January 2021).
- Amendments to IAS 39 Financial Instruments: Recognition and Measurement regarding replacement issues in the context of the IBOR reform (mandatory for the year commencing on or after 1 January 2021).

Going concern

The Company has net liabilities of £5.1million and net current liabilities of £2.4million.

The Company does not have a bank account. It is a subsidiary within the FCC Environment (UK) Limited ("FCC E UK") group of companies whose banking, invoicing and collections and payables and procurement services are grouped and managed via an agency agreement with a fellow subsidiary of FCC E UK, FCC Recycling (UK) Limited ("FCC R"). All cash movements relating to the Company's transactions are processed through the banking facilities of FCC R and form a part of the inter-company balances between the Company and FCC R.

The Directors have assessed the responses from their enquiries to the immediate parent company, FCC E UK, in connection with the agency agreement and have reviewed projected cash flows, and carefully considered the risks to the Company's trading performance and cash flows. They have considered the forthcoming twelve month period from the date of signing of the financial statements, and have identified no reason to believe that a material uncertainty exists that may cast significant doubt about the ability of the Company to continue as a going concern.

The Directors therefore continue to adopt the going concern basis in preparing the Annual report and financial statements.

Goodwill and other intangible assets

In respect of business acquisitions that have occurred since January 2014, goodwill represents the difference between the cost of the business combination and the fair value of the identifiable assets, liabilities and contingent liabilities. Identifiable assets are those which can be sold separately or which arose from legal rights regardless of whether those rights are separable. Following initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill relating to acquisitions is not amortised. Goodwill is reviewed for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired.

Goodwill and intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment.

2. Accounting policies (continued)

Consolidation

The Company has claimed exemption from the preparation of consolidated financial statements under section 400 of the Companies Act 2006 as it is a subsidiary of a group which has prepared consolidated financial statements. Accordingly, these financial statements present information about the Company and not the group.

Property, plant and equipment

Property, plant and equipment are stated at cost or valuation, net of depreciation and any provision for impairment. Depreciation is provided on all property, plant and equipment, other than 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:

Freehold buildings	-	over 25 to 50 years
Freehold landfill sites	-	based on the void used in the period as a proportion of total void
Plant and machinery	-	over 3 to 20 years

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.

Expenditure on freehold landfill sites and licence agreements includes engineering costs. Elements of these costs are classified according to their expected economic life and depreciated accordingly in proportion to the rate that waste is deposited. All other assets are depreciated on a straight-line basis.

Investments

In the Company balance sheet, investments including investments in associates are measured at cost less impairment.

Stock

Stock is stated at the lower of cost and net realisable value. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the stock to their present location and condition. Cost is calculated using the weighted average method. Net realisable value represents the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution.

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 comprehensive income 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.

The recoverable amount of goodwill is derived from measurement of the present value of the future cash flows of the cash-generating unit ("CGU") of which the goodwill is a part. Any impairment loss in respect of a CGU is allocated first to the goodwill attached to that CGU, and then to other assets within that CGU on a pro-rata basis.

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. Where a reversal of impairment occurs in respect of a CGU, the reversal is applied first to the assets (other than goodwill) of the CGU on a pro-rata basis and then to any goodwill allocated to that CGU.

2. Accounting policies (continued)

Impairment of assets (continued)

Financial assets

For financial assets carried at amortised cost, the amount of an 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.

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.

Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the Company expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the statement of comprehensive income net of any reimbursement. If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

Decommissioning and aftercare costs

Full provision is made for the net present value ("NPV") of the Company's projected costs, in respect of decommissioning liabilities at the Company's landfill sites, which have been capitalised in tangible fixed assets. The Company provides for all projected aftercare costs over the life of its landfill sites, based on the volumes of waste deposited in the year, since liabilities in relation to these costs arise as waste is deposited.

All long term provisions for decommissioning and aftercare costs are calculated based on the NPV of estimated future costs. Current cost estimates are inflated at 2.0% and discounted at 4.0% to calculate the NPV.

Leases

The Company as lessee

The Company assesses whether a contract is or contains a lease, at inception of the contract. The Company recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets (such as tablets and personal computers, small items of office furniture and telephones). For these leases, the Company recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Company uses its incremental borrowing rate.

2. Accounting policies (continued)

Leases (continued)

Lease payments included in the measurement of the lease liability comprise:

- Fixed lease payments (including in-substance fixed payments), less any lease incentives receivable;
- Variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- The amount expected to be payable by the lessee under residual value guarantees;
- The exercise price of purchase options, if the lessee is reasonably certain to exercise the options; and
- Payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.

The lease liability is presented as a separate line in the balance sheet.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

The Company remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:

- The lease term has changed or there is a significant event or change in circumstances resulting in a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.
- The lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using an unchanged discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used).
- A lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

The Company did not make any such adjustments during the periods presented.

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day, less any lease incentives received and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Whenever the Company incurs an obligation for costs to dismantle and remove a leased asset, restore the site on which it is located or restore the underlying asset to the condition required by the terms and conditions of the lease, a provision is recognised and measured under IAS 37. To the extent that the costs relate to a right-of-use asset, the costs are included in the related right-of-use asset, unless those costs are incurred to produce inventories.

Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Company expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease.

The right-of-use assets are presented within the property, plant and equipment line in the balance sheet.

The Company applies IAS 36 to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss as described in the 'Property, Plant and Equipment' policy.

Notes to the financial statements
For the year ended 31 December 2021

2. Accounting policies (continued)

Leases (continued)

Variable rents that do not depend on an index or rate are not included in the measurement of the lease liability and the right-of-use asset. The related payments are recognised as an expense in the period in which the event or condition that triggers those payments occurs and are included in the line 'Other operating expenses' in profit or loss.

As a practical expedient, IFRS 16 permits a lessee not to separate non-lease components, and instead account for any lease and associated non-lease components as a single arrangement. The Company has not used this practical expedient. For contracts that contain a lease component and one or more additional lease or non-lease components, the Company allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

Taxation

Revenue, expenses and assets are recognised net of the amount of sales tax except:

- where the sales tax incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the sales tax is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- debtors and creditors are stated with the amount of sales tax included.

The net amount of sales tax recoverable from, or payable to, the taxation authority is included as part of debtors or creditors in the balance sheet. Tax on the profit or loss for the year comprises current and deferred tax.

Current tax is the expected tax payable on the taxable surplus for the year using average tax rates in place during the financial year, and any adjustments in respect of previous periods. Income tax relating to items recognised directly in equity is recognised in equity and not in the statement of comprehensive income.

Deferred income tax is provided, using the liability method, on all temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. Deferred income tax is recognised for all temporary differences:

- except where the deferred income tax liability arises from the initial recognition of goodwill, non-tax deductible goodwill amortisation or the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit or loss nor taxable profit or loss; and
- in respect of taxable temporary differences associated with investments in subsidiaries except where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred income tax assets are recognised for all deductible temporary differences and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry-forward of unused tax assets and unused tax losses can be utilised.

The carrying amount of deferred income tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance sheet date.

2. Accounting policies (continued)

Revenue

Revenue 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. Revenue 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. Revenue is recognised in respect of waste disposal services when the waste has been received and disposed of. 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.

Employee benefits

The Company operates a defined contribution scheme on behalf of its eligible employees. Contributions to the scheme are charged to the statement of comprehensive income and expense for the year in which they are payable. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments in the balance sheet.

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.

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 finance 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.

Non-current debt instruments which meet the following conditions, are subsequently measured at amortised cost using the effective interest method:

(a) Returns to the holder are (i) a fixed amount; or (ii) a fixed rate of return over the life of the instrument; or (iii) a variable return that, throughout the life of the instrument, is equal to a single referenced quoted or observable interest rate; or (iv) some combination of such fixed rate and variable rates, providing that both rates are positive.

(b) 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.

(c) 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 relevant taxation or law.

(d) There are no conditional returns or repayment provisions except for the variable rate return described in (a) and prepayment provisions described in (c).

Debt instruments that are classified as payable or receivable within one year 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.

Other debt instruments not meeting these conditions are measured at fair value through profit or loss.

2. Accounting policies (continued)

Financial instruments (continued)

Financial assets and liabilities (continued)

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 Group transfers to another party substantially all of the risks and rewards of ownership of the financial asset, or c) the Group, despite having retained some significant risks and rewards of ownership, has transferred control of the asset to another party and the other party has the practical ability to sell the asset in its entirety to an unrelated third party and is able to exercise that ability unilaterally and without needing to impose additional restrictions on the transfer.

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

3. Critical accounting judgements and key sources of estimation uncertainty

In the application of the Company's accounting policies, which are described in note 2, 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.

Provisions – Under environmental legislation and through regulation and planning consents, the Company is obliged to decommission and restore landfill sites to a prescribed standard. The elements included in the decommissioning provision are those projected costs which will be required to close down any given site in compliance with its environmental permit, planning conditions, and contractual and lease requirements. The provision is limited to costs incurred in the immediate closure and decommissioning period.

As well as decommissioning a site, the Company is obliged under its environmental permits and planning permission to manage a site for a period of up to 60 years or until it becomes inactive. As a result, in addition to provisions for decommissioning, the Company also establishes provisions for aftercare. Elements included in the provision are those projected costs which are required to ensure that a landfill site is properly managed in compliance with its environmental permit, planning conditions and lease terms during its closed phase.

In addition to the decommissioning and aftercare provisions, the Company makes provision for other costs relating to regulatory and environmental compliance to be incurred on items such as capping and leachate disposal.

These provisions are based principally on measurement and survey data and some engineering estimates, including cost assumptions. Estimating provisions over long time periods requires a number of assumptions and judgements to be made. Significant reductions in the estimates of the remaining site lives of the landfill sites or significant increases in estimates of decommissioning costs or aftercare costs due to changes in regulatory requirements or estimates could have a substantial impact on the value of the provisions.

An annual inflation rate of 2.0% has been assumed over the period of cost relating to the provisions and the provisions have been discounted at 4.0%. See note 16 for further disclosures relating to the provisions.

Due to the long-term nature of provisions they are sensitive to changes in the real discount rate. Management has performed sensitivity analysis to illustrate the possible impact on provisions of changes to the real discount rate. A reduction in the discount rate of 0.1% would lead to a charge of approximately £179,000 to the income statement. An increase in the discount rate of 0.1% would lead to a credit of approximately £174,000 to the income statement. See note 16 for further disclosures relating to the provisions.

Notes to the financial statements
For the year ended 31 December 2021

3. Critical accounting judgements and key sources of estimation uncertainty (continued)

Goodwill and property, plant and equipment – Goodwill is tested for impairment on a value in use basis using business valuations, where available, or the Directors' current estimate of the medium-term forecast. Property, plant and equipment are tested for impairment where an indication of impairment exists. To assess if any impairment exists, estimates are made of the future cash flows expected to result from the use of the asset and its eventual disposal. Actual future cash flows could vary from those estimated. Factors such as closure of facilities and declining volumes could result in shortened asset lives or impairment. Management review and update the discount rates used annually. The discount rates used may also have an impact on the estimation of future cash flows. See notes 10 and 11 for further disclosures.

4. Revenue

Revenue was generated in the United Kingdom from the handling, recycling and disposal of waste materials.

5. Loss before taxation

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

	2021	2020
	£'000	£'000
Increase/(decrease) in environmental provisions on revision of estimate of future costs (included within provisions charge)	**1,602**	(128)
Depreciation of tangible fixed assets - owned	**848**	676
Depreciation of tangible fixed assets – right of use	**10**	-
Profit on disposal of fixed assets	**(49)**	-
Impairment of fixed assets - owned	**366**	-

Auditor's remuneration in respect of audit fees totalling £5,000 (2020: £7,000) has been met by FCC Recycling (UK) Limited, a fellow subsidiary undertaking of FCC E UK.

6. Staff costs

The average monthly number of employees (including executive directors) employed by the Company during the year was:

	2021	2020
	Number	Number
Operational	**42**	46

Their aggregate remuneration comprised:

	2021	2020
	£'000	£'000
Wages and salaries	**1,370**	1,326
Social security costs	**138**	135
Pension costs (see note 19)	**109**	100
Other staff costs	**7**	10
	1,624	1,571

Darrington Quarries Limited

Notes to the financial statements
For the year ended 31 December 2021

7. Directors' remuneration and transactions

None of the Directors received any remuneration or other benefits through the Company during the year ended 31 December 2021 or the previous financial year. They are remunerated as Directors or employees of FCC E UK for services to the Group as a whole and as such it is not possible to directly attribute any element of their remuneration to the Company.

8. Finance costs

	2021	2020
	£'000	£'000
Unwinding of discount (note 16)	358	532
Lease interest	13	-
	371	532

9. Tax on loss

The tax credit comprises:

	2021	2020
	£'000	£'000
Current tax		
United Kingdom corporation tax at 19% (2020:19%) based on loss for the year	(301)	(19)
Total current tax	(301)	(19)
Deferred tax		
Origination and reversal of timing differences	(300)	(4)
Adjustment in respect of prior years – change of tax rate	56	19
Adjustment in respect of prior years – other	(96)	-
Total deferred tax (see note 17)	(340)	15
Tax credit on loss	(641)	(4)

The March 2021 Budget announced an increase to the main rate of corporation tax to 25% from April 2023. As a result deferred tax balances as at 31 December 2021 are measured at 25% (2020: 19%).

On 23 September 2022, the Chancellor of the Exchequer announced that the UK corporation tax rate will remain at 19% from 1 April 2023 - reversing a previously enacted measure to increase the rate to 25%. The announcement of the reversal in the tax rate from 1 April 2023 was not enacted or substantively enacted at the balance sheet date and accordingly has no impact on the tax balances at 31 December 2021.

Notes to the financial statements
For the year ended 31 December 2021

9. Tax on loss (continued)

The total tax position for both the current and previous year differs from the average standard rate of 19% (2020: 19%) for the reasons set out in the following reconciliation:

	2021 £'000	2020 £'000
Loss before tax	**(2,037)**	(639)
Tax on loss at average standard rate	**(387)**	(121)
Effects of:		
Expenses not deductible for tax	**(214)**	98
Adjustment in respect of prior years – change of tax rate	**56**	19
Adjustment in respect of prior years – other	**(96)**	-
Total tax credit	**(641)**	(4)

10. Intangible assets

	Goodwill £'000
Cost	
At 1 January 2021 and 31 December 2021	5,689
Accumulated amortisation	
At 1 January 2021 and 31 December 2021	3,440
Net book value	
At 31 December 2021	**2,249**
At 31 December 2020	2,249

Goodwill is tested at least annually for impairment in accordance with IAS 36 Impairment of assets. In considering whether a goodwill impairment charge is required, the carrying value of the cash-generating units ("CGUs"), or groups of CGUs, is compared with the recoverable amount of the CGUs which is determined based on value in use calculations.

These calculations use business valuations where available and where not, pre-tax cash flow projections to the end of site lives based on budgets and mid-term forecasts, which reflect past experience and management's future expectations. Cash flows have been projected based on budgets and forecasts over a period of ten years, beyond which a nil growth rate has been assumed. A period of ten years has been used because a significant proportion of the Group's revenue comes from contracted business with municipal customers, with predictable cash flows. The rates do not exceed the average long term growth rate for the relevant markets.

The budgets and forecasts are detailed on a market by market forecast of projected volumes, prices and costs. These forecasts reflect on an individual site by site basis, numerous assumptions and estimates. The key assumptions include market size and volumes, recyclate prices, gate fees and the future level of landfill tax. Management has assigned the value to each assumption based on historical experience, industry analysis and current legislation.

Management estimates discount rates that reflect current market assessments of the time value of money and the risk specific to the CGUs of 7.6% (2020: 6.2%). The growth rates are based on industry growth forecasts and longer term, on gross domestic product.

Management has performed sensitivity tests on the cash flows including increasing the WACC by 1% and decreasing estimated cash flows by 10% and no impairment was indicated. A rise in the pre-tax discount rate to more than 12.3% (i.e. +5.7%) would result in an impairment.

11. Property, plant and equipment

	Landfill sites £'000	Other freehold properties £'000	Plant and machinery £'000	Total £'000
Cost				
At 1 January 2021	11,364	8,646	3,120	23,130
Additions	129	972	527	1,628
Disposals	-	-	(342)	(342)
At 31 December 2021	11,493	9,618	3,305	24,416
Depreciation				
At 1 January 2021	11,136	5,053	1,858	18,047
Charge for the year	-	527	331	858
Impairment	356	10	-	366
Disposals	-	-	(271)	(271)
At 31 December 2021	11,492	5,590	1,918	19,000
Net book value				
At 31 December 2021	**1**	**4,028**	**1,387**	**5,416**
At 31 December 2020	228	3,593	1,262	5,083

The CGUs of the Company comprise individual sites which constitute the smallest identifiable group of assets that generate inflows that are largely independent of the cash inflows from other assets or groups of assets. The carrying value of the individual sites is compared to the recoverable amount of the CGUs, which is based predominantly on value in use. The cash flow forecasts have been projected on a life of site basis applying growth rates based on assumptions which include market size and volumes, recyclate prices, gate fees and the future level of landfill tax. For certain CGUs the recoverable amount is determined by reference to the fair value less costs to sell of the underlying assets using internal and external valuations of property, plant and equipment and management's estimate of disposal costs.

Management estimate discount rates that reflect current market assessments of the time value of money and the risk specific to the CGUs of 7.6% (2020: 6.2%). The growth rates are based on industry growth forecasts and longer term, on gross domestic product.

An impairment loss of £366,000 (2020: £nil) has been recognised in the year on assets primarily in the landfill sites category. This reflects the earlier than expected closure of the Company's landfill assets which is a result of a significant and sustained decline in the quantity and quality of active waste landfilled in the UK and the move towards recycling and recovery. This has been measured by reference to the value in use of the underlying assets.

Management has performed sensitivity tests on the discount rate used. A 1% increase in the pre-tax discount rate would result in additional impairment of £nil, whilst a corresponding 1% decrease would reduce impairment by £nil. In both cases no impairment reversals were indicated.

Right of use assets

The Company has entered into two new leases, included within Other freehold properties above. The cost at 31 December 2021 was £111,000 (2020: £nil). Accumulated depreciation was £10,000 (2020: £nil) and the net book value was £101,000 (2020: £nil). The average length of term remaining was 21 years.

Notes to the financial statements
For the year ended 31 December 2021

12. Investments

	2021	2020
	£'000	£'000
Cost and net book value		
Investment in subsidiary undertaking	**1**	1

The Company owns 100% of the ordinary share capital of Waste Recycling Group (Yorkshire) Limited, a company which is registered in England and Wales. Its principal activity is the handling, recycling and disposal of waste materials.

The address of the registered office of all subsidiaries is the same as the parent company.

13. Other receivables

	2021	2020
	£'000	£'000
Current:		
Amounts due from fellow subsidiary undertaking	**400**	-
Non-current:		
Amounts prepaid to fellow subsidiary undertaking	**363**	363

Amounts due from fellow subsidiary undertakings are unsecured, interest free, have no fixed date of repayment and are repayable on demand.

14. Other payables

	2021	2020
	£'000	£'000
Amounts owed to fellow subsidiary undertakings	**2,223**	1,596

Amounts owed to fellow subsidiary undertakings are unsecured, interest free, have no fixed date of repayment and are repayable on demand.

Notes to the financial statements
For the year ended 31 December 2021

15. Lease liabilities

	2021 £'000	2020 £'000
Non-current:		
Lease liabilities	**103**	-

	2021 £'000	2020 £'000
Current:		
Lease liabilities	**2**	-

	2021 £'000	2020 £'000
Maturity profile		
Due within one year	**2**	-
Between one and two years	**2**	-
Between two and five years	**4**	-
Due after more than five years	**97**	-
	105	-

16. Provisions for liabilities

	Other provisions £'000	Decomm-issioning £'000	Landfill aftercare £'000	Total £'000
At 1 January 2021	822	2,923	5,928	9,673
Charged to statement of comprehensive income	385	39	1,602	2,026
New/(revisions to) provisions capitalised in tangible fixed assets	9	(10)	-	(1)
Unwinding of discount (note 8)	33	25	300	358
Expended in year	(464)	(98)	(84)	(646)
At 31 December 2021	**785**	**2,879**	**7,746**	**11,410**

	Other £'000	Decomm-issioning £'000	Landfill aftercare £'000	Total £'000
Maturity 2021				
Current	305	187	111	603
Non-current	480	2,692	7,635	10,807
	785	**2,879**	**7,746**	**11,410**
Maturity 2020				
Current	305	187	111	603
Non-current	517	2,736	5,817	9,070
	822	2,923	5,928	9,673

Notes to the financial statements
For the year ended 31 December 2021

16. Provisions for liabilities (continued)

Decommissioning and landfill aftercare

The Group provides for the estimated cost of decommissioning its landfill sites at the end of their operational life and for their subsequent aftercare. The aftercare period is generally expected to be 60 years and expenditure will be incurred throughout this 60 year period. These provisions are discounted at a rate of 4.0% from the date on which the expenditure is expected to occur. These provisions by their nature require a significant degree of estimation and hence there is a degree of uncertainty with regards to the timing and amount of outflows of economic benefit.

Other provisions

Other provisions include the estimated cost of discharging environmental liabilities, including current capping of open landfill areas and the disposal of leachate, which arise during the operational phase of its landfill sites. Capping expenditure occurs as landfill cells are completed, whilst expenditure on the disposal of leachate occurs throughout the lifecycle of a landfill site.

17. Deferred tax

Deferred tax is provided as follows:

	Total £'000
Liability at 1 January 2021	**176**
Charged to the statement of comprehensive income	**(340)**
Asset at 31 December 2021	**(164)**

	2021 £'000	2020 £'000
Capital allowances in excess of depreciation	**(254)**	309
Short term timing differences	**(254)**	(133)
Fair value adjustment	**344**	-
	(164)	176

Notes to the financial statements
For the year ended 31 December 2021

18. Share capital and reserves

	2021	2020
	£'000	£'000
Allotted, called-up and fully-paid		
10,431 ordinary shares of £1 each	**10**	10

Share Premium Account

The share premium reserve comprises the excess proceeds above the nominal amount of share capital on issue of equity shares. Direct issue costs are netted off the share premium account.

Revaluation Reserve

The revaluation reserve comprises the surplus created when assets are revalued.

Capital contribution reserve

The capital contribution reserve comprises capital amounts introduced by the Company's shareholders in return for neither debt nor share capital.

Retained earnings

Retained earnings comprise of cumulative profits or losses, including unrealised profits or losses recognised in the statement of comprehensive income and expense.

19. Retirement benefit schemes

The Company participates in the defined contribution scheme operated by FCC E UK on behalf of its eligible employees. The assets of the scheme are held separately from those of the Company in independently administered funds.

The contributions made by the Company under the scheme during the year were as follows:

	2021	2020
	£'000	£'000
Defined contribution schemes	**109**	100

20. Contingent liabilities

(a) The Company is a member of a group VAT registration and as such has contingent liabilities for VAT in respect of other members of the Group.

(b) The Group must comply with the Environment Agency's financial provisioning requirements for its landfill sites in England and Wales, which is satisfied by providing financial security bonds. The total value of the bonds issued for this financial provisioning requirement at 31 December 2021 was £113.8million (2020: £110.0million) of which £3.5million (2020: £3.6million) related to the Company.

21. Related party transactions

The Directors regard all subsidiaries of FCC as related parties. In the ordinary course of business, the Company has traded with fellow subsidiaries of FCC.

Under FRS 101, the Company is exempt from disclosing related party transactions with other wholly owned subsidiaries of FCC.

Notes to the financial statements
For the year ended 31 December 2021

22. Post balance sheet events

Following the balance sheet date, Russia entered a military conflict with Ukraine and this action remains ongoing at the date of approval of the financial statements. The conflict has resulted in elevated levels of political instability and uncertainty across Europe and contributed to significantly higher fuel prices (gas, electricity and oil derived products) as well as impacting supply chains.

The directors have considered the likely impacts on the business from the resultant inflation and supply chain disruption and continue to engage with suppliers to monitor and manage any potential issues. The Group and the Company has limited exposure to overseas markets as its customer base arises entirely in the United Kingdom. The Group and the Company is well positioned to withstand the worst impacts.

23. Controlling party

The immediate parent of the Company is Finstop Limited, a company registered in England and Wales.

The Directors regard Fomento de Construcciones y Contratas, S.A., a company registered in Spain, as the ultimate parent company. The ultimate controlling party is Inversora Carso S.A. de C.V., a company registered in Mexico.

Fomento de Construcciones y Contratas, S.A. is the parent company of the largest group of which the Company is a member and for which group financial statements are drawn up. FCC Environment (UK) Limited is the parent company of the smallest group of which the Company is a member and for which group financial statements are drawn up. Copies of the financial statements of both FCC Environment (UK) Limited and Fomento de Construcciones y Contratas, S.A. are available from the Company Secretary, 3 Sidings Court, White Rose Way, Doncaster, DN4 5NU. The registered office of Fomento de Construcciones y Contratas, S.A. is c/Balmes, 36. 08007 Barcelona, Spain.