Company Registration No. 02206141

WRG Environmental Limited

Annual report and financial statements

for the year ended 31 December 2022

WRG Environmental Limited

Annual report and financial statements 2022

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Officers and professional advisers

Directors

P Taylor (resigned 1 August 2023)
S J Longdon (appointed 2 August 2023)
V F Orts-Llopis
A Serrano Minchan (resigned 11 February 2022)

Registered Office

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

Independent auditor

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

WRG Environmental Limited

Directors' report

The Directors of WRG Environmental Limited (the "Company") present their annual report and the audited financial statements for the year ended 31 December 2022.

Overview of Group

The Company is an indirect subsidiary of FCC Environment (UK) Limited and its ultimate parent company of FCC Environment (UK) Limited ("the Company" or "Parent Company") 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 45 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.

The Board's overarching strategy headline for our business is "From Waste to Resource", which comprises four key components:

- Own the Waste
- Maximise the value of resources
- Produce renewable energy
- Provide 360 degree solutions

The Board sees the development of major waste infrastructure to support sustainable waste management and strategic long-term partnerships as key to the Group's future business growth. It anticipates continuous activity and deployment of Group resources into recycling facilities, renewable energy projects, the development of innovative waste treatment solutions and the provision of regional waste management services and facilities. Energy from Waste ("EfW") is a key component of the UK's waste and resource strategy and, in combination with other treatment, recycling and recovery operations, backed up by landfill disposal for residues, is a strategy that represents a long term sustainable solution for meeting the Group's clients' diversion targets and for reducing our carbon footprint.

Commentary on the Company's results is set out in the Results, dividends, and key performance indicators section.

Principal activity

The principal activity of the Company during the year ended 31 December 2022 was the handling, recycling, and disposal of waste materials.

Directors

The Directors who served during the year ended 31 December 2022 and up to the date of this report were as follows:

P Taylor (resigned 1 August 2023)
S J Longdon (appointed 2 August 2023)
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.

WRG Environmental Limited

Directors' report

Business review

Early in the year, 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 is well positioned to withstand the worst impacts.

Results, dividends, and key performance indicators

The results for the Company for the year ended 31 December 2022 are set out on page 9. The loss for the financial year amounted to £5.0million (2021: £0.4million). The Company did not pay an interim dividend during the year (2021: £nil) and furthermore, the Directors do not recommend the payment of a final dividend (2021: £nil).

Revenue increased by 508.7% to £10.0million (2021: £1.6million). primarily as a result of an increase in the tonnage of waste processed during the year. Revenue included £8.0million of landfill tax income, which is profit neutral.

The operating loss for the year ended 31 December 2022 was £5.8million (2021: £0.1million). The main drivers of this were an increase in environmental provisions and higher depreciation and impairment charges 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 20.

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.

Financial risk management objectives and policies

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.

Credit and liquidity risk:

The Company's exposure to credit and liquidity risk is reduced as it is a wholly owned subsidiary of FCC E UK and participates in a cash-pooling agreement with the other members of 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.

WRG Environmental Limited

Directors' report

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 recognise shorter term uncertainty as a result of the Covid pandemic, Brexit and the Ukraine conflict, which have created inflationary pressures. This could result in higher borrowing costs generally. 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

The Group remains aware of the potential for disruption from new variants and is confident that it has appropriate procedures and action plans in place.

Employees

The professionalism and commitment shown by the Group's employees over the past years during and since the pandemic and the challenges it 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.

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 company successfully implemented hybrid working practices for non-operational roles during 2022 and continues to keep in place appropriate safety measures.

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.

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.

WRG Environmental Limited

Directors' 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
13 October 2023

WRG Environmental Limited

Independent auditor's report to the members of WRG Environmental Limited

Opinion

We have audited the financial statements of WRG Environmental Limited (the 'company') for the year ended 31 December 2022 which comprise the Statement of comprehensive income, the Balance Sheet, the Statement of changes in equity and the related notes 1 to 20, 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 2022 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 ended 31 December 2024 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 WRG Environmental 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 5, 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 WRG Environmental 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.

- 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 WRG Environmental 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. We assessed 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 to supporting documentation and considering contradicting evidence.

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.

DS
Ernst & Young LLP

Richard Lingwood (Senior statutory auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
Leeds
13 October 2023

WRG Environmental Limited

Statement of comprehensive income
For the year ended 31 December 2022

	Notes	2022 £'000	2021 £'000
Revenue	4	**10,044**	1,650
Staff costs	6	**(327)**	(150)
Other operating expenses		**(11,246)**	(1,342)
Depreciation and amortisation		**(1,257)**	(240)
Net impairment of assets	5	**(3,059)**	(25)
Operating loss		**(5,845)**	(107)
Finance costs	8	**(983)**	(583)
Loss before tax	5	**(6,828)**	(690)
Tax on loss	9	**1,856**	304
Loss for the financial year		**(4,972)**	(386)

There was no other comprehensive income in the year.

The notes on pages 12 to 25 are an integral part of these financial statements.

WRG Environmental Limited

Balance sheet
As at 31 December 2022

	Note	2022 £'000	2021 £'000
ASSETS			
Non-current assets			
Property, plant, and equipment	10	**182**	3,614
Other receivables	11	**2,589**	4,269
Deferred tax	14	**1,008**	427
		3,779	8,310
Current assets			
Other receivables	11	**2,369**	1,492
TOTAL ASSETS		**6,148**	9,802
EQUITY AND LIABILITIES			
Share capital	15	**56,208**	56,208
Capital contribution reserve		**14,412**	14,412
Retained earnings		**(78,820)**	(73,848)
Total shareholder's deficit		**(8,200)**	(3,228)
Non-current liabilities			
Lease liabilities	12	**1,254**	1,367
Provisions	13	**12,271**	11,129
		13,525	12,496
Current liabilities			
Lease liabilities	12	**118**	106
Provisions	13	**705**	428
		823	534
Total liabilities		**14,348**	13,030
TOTAL EQUITY AND LIABILITIES		**6,148**	9,802

The notes on pages 12 to 25 are an integral part of these financial statements.

The financial statements of WRG Environmental Limited, registered number 02206141 were approved by the Board of Directors and authorised for issue on 13 October 2023. They were signed on its behalf by:

V F Orts-Llopis
Director

WRG Environmental Limited

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

	Share capital £'000	Capital Contribution reserve £'000	Retained earnings £'000	Total £'000
Year ended 31 December 2022				
At 1 January 2022	56,208	14,412	(73,848)	(3,228)
Loss for the year and total comprehensive expense	-	-	(4,972)	(4,972)
At 31 December 2022	**56,208**	**14,412**	**(78,820)**	**(8,200)**
Year ended 31 December 2021				
At 1 January 2021	56,208	14,412	(73,462)	(2,842)
Loss for the year and total comprehensive expense	-	-	(386)	(386)
At 31 December 2021	**56,208**	**14,412**	**(73,848)**	**(3,228)**

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

1. **Corporate information**

WRG Environmental 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 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 WRG Environmental 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;
(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 group accounts, 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 2022 are listed below. The amendments had no material impact on the Company's results:

- Amendments to IFRS 1 *First-time Adoption of International Financial Reporting Standards* resulting from Annual Improvements to IFRS Standards 2018–2020 (subsidiary as a first-time adopter) (mandatory for the year commencing on or after 1 January 2022).
- Amendments to IFRS 3 *Business Combinations* updating a reference to the Conceptual Framework (mandatory for the year commencing on or after 1 January 2022).
- Amendments to IFRS 9 *Financial Instruments* resulting from Annual Improvements to IFRS Standards 2018–2020 (fees in the '10 per cent' test for derecognition of financial liabilities) (mandatory for the year commencing on or after 1 January 2022).
- Amendment to IFRS 16 *Leases* to extend the exemption from assessing whether a COVID-19-related rent concession is a lease modification (mandatory for the year commencing on or after 1 April 2021).
- Amendments to IAS 16 *Property, Plant and Equipment* prohibiting a company from deducting from the cost of property, plant and equipment amounts received from selling items produced while the company is preparing the asset for its intended use (mandatory for the year commencing on or after 1 January 2022).
- Amendments to IAS37 *Provisions, Contingent Liabilities and Contingent Assets* regarding the costs to include when assessing whether a contract is onerous (mandatory for the year commencing on or after 1 January 2022).

Going concern

At 31 December 2022 the Company had net liabilities of £8.2million and net current assets of £1.5million.

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 period ended 31 December 2024 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.

Property, plant, and equipment

Property, plant and equipment are stated at cost, 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, 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 equipment	-	3 to 10 years

2. Accounting policies (continued)

Property, plant, and equipment (continued)

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.
Decommissioning assets (and provisions) are created on commencement of operation at a site and depreciated as for landfill sites above. Capping assets (and provisions) are created in a similar way when new cell construction commences, and capping assets are depreciated based on expected cell life.

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.

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 income statement net of any reimbursement.

2. Accounting policies (continued)

Provisions (continued)

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 6.0% for 2023, 3.0% for 2024 and 2.0% thereafter and discounted at 4.1% to calculate the NPV.

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 income statement.

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, including landfill tax, 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 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.

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.

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 within loans and borrowings in the balance sheet and detailed in the notes to the financial statements.

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.

2. Accounting policies (continued)

Leases (continued)

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.

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.

Employee benefits

The Company operates a defined contribution scheme on behalf of its eligible employees. Contributions to the scheme are charged to the profit and loss account 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.

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.

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

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.

Annual inflation rates of 6.0% for 2023, 3% for 2024 and 2% thereafter, have been assumed over the period of cost relating to the provisions and the provisions have been discounted at 4.1%.

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 £206,000 to the income statement. An increase in the discount rate of 0.1% would lead to a credit of approximately £200,000 to the income statement. See note 13 for further disclosures relating to the provisions.

Property, plant, and equipment – 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 note 10 for further disclosure.

4. Revenue

Revenue, including landfill tax, 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 (crediting)/charging:

	2022	2021
	£'000	£'000
Increase/(decrease) in environmental provisions on revision of estimate of future costs (included within provisions charge)	**1,060**	(790)
Depreciation of tangible fixed assets – owned	**1,118**	101
Depreciation of tangible fixed assets – right of use	**139**	139
Impairment of tangible fixed assets - owned	**1,927**	43
Impairment of tangible fixed assets – right of use	**1,147**	-
Impairment reversal of tangible fixed assets – right of use	**(15)**	(18)

Auditor's remuneration in respect of audit fees totalling £5,000 (2021: £5,000) has been met by FCC Recycling (UK) Limited, a fellow subsidiary undertaking of FCC E UK.

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

6. Staff costs

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

	2022 Number	2021 Number
Operational	**8**	4

Their aggregate remuneration comprised:

	2022 £'000	2021 £'000
Wages and salaries	**272**	126
Social security costs	**30**	13
Pension costs (see note 16)	**23**	11
Other staff costs	**2**	-
	327	150

7. Directors' remuneration and transactions

None of the Directors received any remuneration or other benefits through the Company during the year ended 31 December 2022 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

	2022 £'000	2021 £'000
Unwinding of discount (note 13)	**927**	522
Interest on lease liabilities	**56**	61
	983	583

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

9. Tax on loss

The tax position comprises:

	2022 £'000	2021 £'000
Current tax		
United Kingdom corporation tax at 19% (2021: 19%) based on loss for the year	**(1,275)**	(341)
Adjustment in respect of prior years – other	**-**	22
Total current tax	**(1,275)**	(319)
Deferred tax		
Origination and reversal of timing differences	**(23)**	160
Adjustment in respect of prior years – change of tax rate	**-**	(140)
Adjustment in respect of prior years – other	**(558)**	(5)
Total deferred tax (see note 14)	**(581)**	15
Total tax credit	**(1,856)**	(304)

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 2022 are measured at 25% (2021: 25%).

Deferred tax assets and liabilities are offset where the Company has a legally enforceable right to do so.

The total tax position for both the current and previous year differs from the average standard rate of 19% (2021: 19%) for the reasons set out in the following reconciliation:

	2022 £'000	2021 £'000
Loss before tax	**(6,828)**	(690)
Tax on loss at average standard rate	**(1,297)**	(131)
Effects of:		
Expenses not deductible for tax	**(1)**	(50)
Adjustment in respect of prior years – change of tax rate	**-**	(140)
Adjustment in respect of prior years – other	**(558)**	17
Total tax credit	**(1,856)**	(304)

10. Property, plant, and equipment

	Landfill sites £'000	Other properties £'000	Plant and equipment £'000	Total £'000
Cost				
At 1 January 2022	58,552	1,649	1,251	61,452
Additions	766	20	98	884
Transfer	(226)	226	-	-
At 31 December 2022	59,092	1,895	1,349	62,336
Depreciation				
At 1 January 2022	56,249	383	1,206	57,838
Charge for the year	1,088	145	24	1,257
Impairment losses	1,573	1,382	119	3,074
Reversal of previous impairments	-	(15)	-	(15)
At 31 December 2022	58,910	1,895	1,349	62,154
Net book value				
At 31 December 2022	**182**	-	-	**182**
At 31 December 2021	2,303	1,266	45	3,614

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 9.4% (2021: 7.6%). The growth rates are based on industry growth forecasts and longer term, on gross domestic product.

Impairment losses of £3,074,000 (2021: £43,000) have been recognised in the year. This reflects the earlier than expected closure of the Group'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.

As part of the impairment review process, previous impairments totalling £15,000 (2021: £18,000) were reversed. This was a result of changes in the estimates used to determine the recoverable amount of CGUs, based on future expected cash flows arising from changes to the future strategy and expectations of the business.

Management has performed sensitivity tests on the discount rate used. A 1% increase in the pre-tax discount rate would result in reduction impairment of £55,000 (2021: £nil), whilst a corresponding 1% decrease would increase impairment by £58,000 (2021: £nil).

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

10. Property, plant, and equipment (continued)

Right-of-use assets

The Company holds leases for a number of properties of various types. The average lease term to expiry is 6.7 years.

The amounts included in Property, plant, and equipment, all of which fall under 'Other properties' is as follows:

	Total £'000
Cost	
At 1 January 2022	1,586
Additions	5
At 31 December 2022	1,591
Depreciation	
At 1 January 2022	320
Charge for the year	139
Impairment	1,147
Reversal of previous impairments	(15)
At 31 December 2022	1,591
Net book value	
At 31 December 2022	-
At 31 December 2021	1,266

11. Other receivables

	2022 £'000	2021 £'000
Current:		
Amounts owed by fellow subsidiary undertakings	**2,369**	1,492
Non-current:		
Amounts prepaid to fellow subsidiary undertaking	**451**	484
Amounts owed by fellow subsidiary undertakings	**2,138**	3,785
	2,589	4,269

All amounts due from fellow subsidiary undertakings are unsecured, interest free, have no fixed date of repayment and are repayable on demand. The amount of £2,138,000 (2021: £3,785,000) shown in non-current is not expected to be received within one year.

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

12. Lease liabilities

	2022 £'000	2021 £'000
Current:		
Lease liabilities	**118**	106
Non-current:		
Lease liabilities	**1,254**	1,367

At 31 December 2022, the Company is committed to £nil (2021: £nil) for short term leases.

	2022 £'000	2021 £'000
Maturity profile:		
Due within one year	**118**	106
Between one and two years	**129**	117
Between two and five years	**414**	406
More than five years	**711**	844
	1,372	1,473

13. Provisions for liabilities

	Other provisions £'000	Decomm-issioning £'000	Landfill aftercare £'000	Total £'000
At 1 January 2022	1,996	601	8,960	11,557
Charged to statement of comprehensive income	19	-	1,560	1,579
New provisions capitalised in tangible fixed assets	(222)	198	-	(24)
Unwinding of discount (note 8)	98	63	766	927
Expended in year	(509)	(15)	(539)	(1,063)
At 31 December 2022	**1,382**	**847**	**10,747**	**12,976**

	Other £'000	Decomm-issioning £'000	Landfill aftercare £'000	Total £'000
Maturity 2022				
Current	15	271	419	705
Non-current	1,367	576	10,328	12,271
	1,382	**847**	**10,747**	**12,976**
Maturity 2021				
Current	12	74	342	428
Non-current	1,984	527	8,618	11,129
	1,996	601	8,960	11,557

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

13. Provisions for liabilities (continued)

Decommissioning and landfill aftercare

The Company 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 4.1% 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.

14. Deferred tax

	Total
	£'000
Deferred taxation	
Asset at 1 January 2022	427
Charged to statement of comprehensive income	581
Asset at 31 December 2022	**1,008**

Deferred tax asset is as follows:

	Asset	
	2022	2021
	£'000	£'000
Depreciation in excess of capital allowances	**475**	(118)
Short term timing differences	**533**	545
	1,008	427

15. Share capital and reserves

	2022	2021
	£'000	£'000
Allotted, called-up and fully-paid		
56,208,166 ordinary shares of £1 each	**56,208**	56,208

Retained earnings

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

Capital contribution reserve

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

16. 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 total expense charged to profit or loss in the year ended 31 December 2022 was £23,000 (2021: £11,000).

17. 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 2022 was £123.7million (2021: £113.8million) of which £2.9million (2021: £2.6million) related to the Company.

18. 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.

19. Post balance sheet event

On 1 June 2023, FCC entered into an agreement with CPP Investments to sell 24.99% of the share capital of its subsidiary FCC Servicios Medio Ambiente Holding, S.A.U. (hereinafter referred to as "FCC Medio Ambiente") for a total amount of €965 million. FCC Medio Ambiente is the specialized branch within FCC SA Group to deliver environmental services and it is the owner of the environmental business in the UK including the Company.

As a consequence of this agreement, FCC and CPP Investments, agreed a mechanism whereby any closed landfill operations in the UK would be transferred out to an FCC SA subsidiary outside the perimeter of the FCC Medio Ambiente branch. This also applies to sites reaching closed status in the future.

20. Controlling party

The immediate parent of the Company is WRG Acquisitions 2 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 Control Empresarial de Capitales, 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.