Company Registration No. 02436946

Waste Recycling Group (Yorkshire) Limited

Annual report and financial statements

for the year ended 31 December 2020

Waste Recycling Group (Yorkshire) Limited

Annual report and financial statements 2020

Contents

Waste Recycling Group (Yorkshire) Limited

Annual report and financial statements 2020

Officers and professional advisers

Directors

P Taylor
V F Orts-Llopis
A Serrano Minchan

Registered Office

Ground Floor West
900 Pavilion Drive
Northampton Business Park
Northampton
NN4 7RG

Auditor

Deloitte LLP
Statutory Auditor
1 City Square
Leeds
LS1 2AL
United Kingdom

Waste Recycling Group (Yorkshire) Limited

Directors' report

The Directors present their annual report and the audited financial statements of Waste Recycling Group (Yorkshire) Limited ("the Company") for the year ended 31 December 2020.

Principal activity

The principal activity of the Company during the year ended 31 December 2020 was handling, recycling and disposal of waste materials.

Directors

The Directors who served during the year ended 31 December 2020 and up to the date of this report were as follows:

P Taylor
V F Orts-Llopis
A Serrano Minchan

Results and dividends

The results for the Company for the year ended 31 December 2020 are set out on page 12. The loss for the financial year amounted to £423,000 (2019: £77,000 loss). The Company did not pay an interim dividend during the year (2019: £nil) and furthermore, the Directors do not recommend the payment of a final dividend (2019: £nil). The loss (2019: loss) for the financial year has been transferred from (2019: transferred from) reserves, resulting in a corresponding decrease (2019: decrease) in total equity in the year.

For the year ended 31 December 2020, revenue increased by 13.7% to £183,000 (2019: £161,000).

Operating loss in 2020 was £392,000 (2019: £164,000 loss). The main factors contributing to this were movements in provisions and depreciation in both years, as detailed in note 5, including an increase of £246,000 in environmental provisions in 2020.

The Company's indirect parent company, FCC Environment (UK) Limited ("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 17.

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.

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 Fomento de Construcciones y Contratas, S.A. ("FCC").

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 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. Consideration of the impact on the Group and Company's going concern status is set out in note 2.

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 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 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. Reduced global demand for recyclates continues to suppress pricing and Brexit effects on exchange rates have impacted pricing of Refuse Derived Fuel (RDF) exports into mainland Europe. In addition, the decision to leave the European Union has resulted in a period of uncertainty for the UK economy and increased volatility in financial markets. We have reviewed the potential impacts and consider that we have sufficient mitigations in place. The Group's strategy is focused on growing through recycling and EfW where margins are generally higher than traditional landfill.

Statement of Corporate Governance

Section 172 Companies Act 2006 recognises the position of trust that a director holds with regards to broader stakeholder interests when carrying out their duties to promote the success of the company.

For the year ended 31 December 2020, under The Companies (Miscellaneous Reporting) Regulations 2018, the Board has applied the Wates Corporate Governance Principles for Large Private Companies published by the Financial Reporting Council ('FRC') in December 2018 (the "Principles"). These Principles provide a framework for ensuring that the Company is well run, well managed and aligned behind a clear purpose.

As one of the UK's most trusted resource and waste management businesses, we are helping shape the policy landscapes, ensuring that our people, systems and strategy remain innovative and focused on delivering excellence.

The Company shares in common its Chief Executive Officer and Chief Financial Officer with the FCC E UK Group and FCC's wider UK Environment business. As a result, there is uniformity and consistency of strategy, policies, procedures and decision making across FCC's integrated UK Environment business. To reflect this, the following narrative on the Directors' application of the Principles, has been consistently reproduced in the annual report and financial statements of each FCC UK Environment business subsidiary and therefore some narrative may not be directly relevant to the Company.

Principle 1 – Purpose and Leadership

As one of the UK's most trusted resource and waste management businesses, we are a modern progressive company and pride ourselves on innovation. FCC is uniquely placed to provide services in an ever changing waste sector. With a clear focus on releasing the full potential from the resources it collects, the business continues to focus on greater volumes of recycling and the generation of green energy in line with Government policy.

FCC has invested in a wide range of waste management facilities that aim to minimise the amount of waste disposed of at landfill sites by processing the material to ensure it reaches its full potential as a valuable energy resource.

In 2020, FCC collected waste and recycling material from 1.3 million UK citizens and generated 117MW of green energy from 1.8m tonnes of waste that could not be recycled.

Waste Recycling Group (Yorkshire) Limited

Directors' report

Statement of Corporate Governance (continued)

Principle 1 – Purpose and Leadership

Principal significant events that took place in 2020 were the United Kingdom's departure from the European Union and the emergence of the coronavirus pandemic. The projected impact of the UK's departure from the EU varied amongst different stakeholder groups. In the period immediately after 1st January 2020 and leading up to 31st December 2020, engagement was undertaken with all affected stakeholder groups including employees, supply chain partners with import/export activities and customer groups to identify potential impact, develop and implement appropriate action plans.

In considering the impact of coronavirus upon our stakeholders, our principal concern was and remains, the wellbeing of our employees and the communities within which they undertake their tasks. Significant and continuous engagement, planning, re-engineering, monitoring and review was undertaken throughout the year with all of our stakeholders to ensure that the wellbeing of employees and communities was prioritised and protected whilst mitigating the impact upon the essential services we provide, and in particular those which have an impact upon public health.

The Group's strategy and core services are fully aligned with FCC's strategic growth plans.

Principle 2 – Board Composition

The Board is collectively responsible for promoting the long term success of our business The Company has three directors, comprising of the Chief Executive Officer, the Chief Financial Officer and a senior executive to ensure that the effectiveness and accountability of the Board fulfils the strategic needs of the Company and the wider FCC Group.

It leads and provides direction by promoting effective decision making and supports the delivery of the Company's strategy.

Our Senior Management Team, with its extensive expertise, skills and professional backgrounds, provides the leadership assurance that the activities within our various business divisions' are aligned to our strategic goals. Each division of the Company is headed up by a member of the Senior Management Team ("SMT"), with the expertise to allow them to independently, effectively and objectively focus on the issues specific to their division.

The Board receives monthly updates from the SMT providing an overview of each division both in terms of performance and strategy but also issues relating to safety, staffing, environment, recycling, contracts and wider stakeholder matters.

With the expectation that the year ahead will continue to be impacted by challenging external factors, the Board will continue to work with the SMT to deliver on our strategic goals whilst ensuring that we continue to safeguard our business, and the wellbeing of our employees, customers, partners and communities.

Principle 3 – Directors Responsibilities

The Board supports our talented workforce, and upholds our commitment to sustainability. The Board agrees, and has the collective responsibility for the strategy of the Group, which is outlined in our strategic report on page 2. The SMT team oversee the day to day responsibilities and opportunities of our exceptional workforce.

The Board has established and maintained effective corporate governance with reference to the Group's four values:

- Environmental commitment: Ensure what we do is environmentally and socially responsible
- Forward thinking: Embrace change and prepare for the future
- People focus: Value, reward and motivate our team
- Doing the right thing: Secure our future by being better at what we do

These values are the most important hallmarks of our Group, whose vision is to be an international reference Employee Services Group that offers global and innovative solutions for the efficient management of resources and the improvement of infrastructures, contributing to improving the quality of the life of employees and the sustainable progress of society.

Directors' report

Statement of Corporate Governance (continued)

Principle 3 – Directors Responsibilities (continued)

FCC continues to put its people first when it comes to their health, safety and wellbeing. In order to measure this, we use software to run monthly engagement surveys. Despite the pandemic and the introduction of new ways of working, our score has risen and averaged 8.3/10 during 2020. This puts us in the top 10% of energy and utility businesses for employee satisfaction.

The Directors at FCC, together with the SMT never lose sight of the potential hazards that exist in the workplace and the importance of keeping ourselves, our customers and our visitors safe and they are at the centre of the business values.

In 2020, the directors approved a new Code of Ethics and Conduct suite, providing practical insight into the values shared across the FCC Group to enable a more robust culture of compliance and supporting the creation of long term value for our project.

The purpose of the Code of Ethics and Conduct is to encourage all persons having links with any FCC Group company to observe the most stringent conduct guidelines in their commitment to complying with laws, legislation, contracts, procedures and ethical principles.

Our conduct guidelines in the Code of Ethics and Conduct also apply to all investees and entities in which the FCC Group exercises control over management. The FCC Group also encourages its investees, even when not under the group's control, providers, contractors, collaborators and other partners to adopt principles and values similar to ours.

Principle 4 – Opportunity & Risk

FCC is committed to managing waste and resources in the best way possible, recycling what we can and extracting value, in the form of energy from the residual waste.

In 2020, FCC entered into a new investment partnership with iCON Infrastructure LLP, aimed at fast-tracking investment into our existing Energy from Waste facilities in the UK, at Allington, Eastcroft, Greatmoor, Lincoln and Millerhill, along with the potential for new low carbon energy plants.

FCC and iCON will put together their expertise and resources in providing low carbon energy infrastructure to help the UK meet its net zero ambitions and contribute to a better environmental outlook.

The partnership involved the formation of a new company, Green Recovery Projects, which provides our business with a platform from which to grow our energy assets.

Operating in the UK's highly regulated waste management market, presents numerous risks and uncertainties to the Group. The principal risks and uncertainties affecting the Group and set out in detail on pages 2-3.

The Board has developed and implemented risk management policies and procedures that promote a robust control environment at all levels of the organisation. The Senior Management Team ensures the right level of diligence, and robust measures are in place to identify risks and assess, consider, manage and prioritise any impact.

Principle 5 – Remuneration

The remuneration of the FCC UK Board members is controlled by its parent company, Fomento de Construcciones y Contratas, S.A. The regulations of the Board of Directors stipulates that the remuneration of directors should be in reasonable proportion to the importance of the company, its economic situation at all times and the market standards for comparable companies. The aim of the established remuneration system is to promote the long-term profitability and sustainability of the company, and should include the necessary precautions to avoid excessive risk taking and reward for unfavourable results.

The Board promote appropriate and fair levels of remuneration to attract and retain the best talent and create a business culture that promotes business stability, sustainable growth and the long term success of the Group.

From April 2017, the Government introduced gender pay gap reporting for all companies with more than 250 employees. The gender pay gap shows the difference between the average hourly pay for men and women across all ages' roles and levels. The gender pay gap differs from equal pay, which is the right for men and women to be paid at the same rate of pay for work of equivalent value. Our latest gender pay gap data for 2019 slightly favoured men with a mean of 2.44% and a median of 0.26%.

Statement of Corporate Governance (continued)

Principle 6 – Stakeholders

The Board is committed to promoting accountability and transparency with all stakeholders, fostering effective stakeholder relationships and meaningful engagement. We wish to build honest and enduring relationships, and seek to work with others, who share our ethics in compliance, and our commitments to the safety and wellbeing of our employees.

FCC's UK Environment business which includes the Company has:

- Over 2,450 employees (nil in the Company)
- 100 major contracts with a total of 60 local authorities
- 280 UK sites of which 166 are operational
- 7 PFI and PPP Contracts
- 6,000 business waste customer agreements
- 3,500 customer accounts

Stakeholders are at the forefront of our business. Liaison with trade customers, partner councils and local authorities is fundamental to ensuring that we understand their needs and continue to deliver the services that they require. Engagement with regulatory bodies is critical to ensuring that we manage the risks set out on pages 2-3 and remain compliant with applicable laws and regulations. Page 7 of the Directors' report sets out details of our employee engagement programme.

The Group operates five EfWs, four of which have visitor centres which run educational visits for schools, colleges, universities and clubs. They also run community liaison meetings and engage with local business groups. The sites also engage in outreach visits in which the visitor centre managers and various staff visit the schools and colleges and even attended the Buckinghamshire Skills Show careers conference.

In 2020, the Company engaged with various stakeholders and below are some examples:

FCC Communities Foundation, is a not for profit business that awards grants to communities, environmental and heritage projects through the Landfill Communities Fund and the Scottish Landfill Communities Fund. Funding is donated by FCC as part of the voluntary environmental tax credit scheme to divert a small percentage of landfill tax to projects in England and Scotland.

There are two grant programmes:

- FCC Community Action Fund (CAF) – for projects in England, this programme has 4 rounds per year. Applicants can apply for funding of between £2,000 and £100,000 and the total project cost must not exceed £500,000.

  184 applicants applied for CAF funding during 2020 and 111 projects were awarded funding totalling £5,537.205.

- FCC Scottish Action Fund (SAF) – for projects based in Scotland, this programme has 2 rounds per year. Applicants can apply for funding of between £2,000 and £40,000 and the total project cost must not exceed £250,000.

  35 Applicants applied for SAF funding during 2020 and 23 projects were awarded funding totalling £658,947.

In March 2020, and in line with Government Guidelines, FCC's workforce was identified as key workers, providing support during the pandemic.

Working closely with councils, some of the FCC managed Household Waste Recycling Centres were temporarily closed to the general public. During this period, FCC were in daily contact with customers, managing the considerable number of enquiries.

Waste Recycling Group (Yorkshire) Limited

Directors' report

Statement of Corporate Governance (continued)

Principle 6 – Stakeholders (continued)

Throughout April, our key workers involved with most of our contracts were recognised by the public and rewarded with drawings, messages and Easter eggs. In Devon, the local gin maker supported our workers by gifting the crews with hand sanitiser made at the distillery.

In East Northamptonshire, FCC joined the 'Let's Spread Some Sunshine' campaign. The local children left a drawing on their bin, and in turn they were rewarded with a packet of seeds to grow sunflowers. The winner with the tallest sunflower was awarded a prize from us. FCC rolled out the 'Let's Spread Some Sunshine' campaign across various counties in May and allowed lots of children the pleasure of colouring in beautiful pictures which were then displayed on many of our sites and trucks also ensuring the children were kept busy with their green fingers watching the seeds of their labours flourish. Finally in November, three green fingered East Northamptonshire youngsters were presented with vouchers for growing their sunflowers and spreading the sunshine this summer. The winner was a 2 year old who grew his sunflower to a whopping 276 centimetres tall. He won a £75 Amazon voucher, with second and third place winning Amazon vouchers worth £50 and £25 respectively.

As our sites started to re-open, local residents were met with enhanced health and safety measures and with close corroboration with the local councils, various additional measures were put in place, including booking systems and traffic management systems to control the unprecedented demand and traffic queues into our sites.

Also in May, households across the East of England were invited to join a celebration of key waste and recycling workers in the region. The Norwich based National Centre for Writing, teamed up with FCC to commission an award winning performance-poet, Luke Wright, to write a poem in praise of the thousands of people who continue to collect and manage waste during lockdown.

In August 2020, FCC's recycling centres in Wigan were offering local residents a unique opportunity to have their unwanted garden tools restored and then donated to worthwhile causes. The Tool Shed Project takes unwanted garden tools and then sends them off to be refurbished at Garth Prison near Leyland. The tools are then restored in the prison workshops, helping to equip inmates with skills they can use in the future.

In October 2020 Her Royal Highness the Princess Royal, visited Bletchley Park Trust and met with staff, volunteers and funders, including representatives from FCC and FCC Environment Communities Foundation. Bletchley Park had received confirmation of funding from FCC Communities Foundation in 2019 for the next phase of development, creating new exhibition spaces, a Collection Centre and a Learning Facility as part of a long standing ambition to preserve and enhance Bletchley Park as a world class visitors attraction.

Waste Recycling Group (Yorkshire) 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 FRS 101 "Reduced Disclosure Framework".

Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

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

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
20 September 2021

Independent auditor's report to the members of Waste Recycling Group (Yorkshire) Limited

Report on the audit of the financial statements

Opinion

In our opinion the financial statements of Waste Recycling Group (Yorkshire) Limited (the 'company'):

- give a true and fair view of the state of the company's affairs as at 31 December 2020 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 101 "Reduced Disclosure Framework; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the statement of comprehensive income;
- the balance sheet;
- the statement of changes in equity; and
- the related notes 1 to 17.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 101 "Reduced Disclosure Framework" (United Kingdom Generally Accepted Accounting Practice).

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 Financial Reporting Council's (the 'FRC's') Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

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

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

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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

We have nothing to report in this regard.

Waste Recycling Group (Yorkshire) Limited

Independent auditor's report to the members of Waste Recycling Group (Yorkshire) Limited

Responsibilities of directors

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

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

Auditor's responsibilities for the audit of the financial statements

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

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

Extent to which 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 material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

We considered the nature of the company's industry and its control environment, and reviewed the company's documentation of their policies and procedures relating to fraud and compliance with laws and regulations. We also enquired of management, internal audit and those charged with governance about their own identification and assessment of the risks of irregularities.

We obtained an understanding of the legal and regulatory framework that the company operates in, and identified the key laws and regulations that:

- had a direct effect on the determination of material amounts and disclosures in the financial statements. These included UK Companies Act, tax legislation; and
- do not have a direct effect on the financial statements but compliance with which may be fundamental to the company's ability to operate or to avoid a material penalty. These included GDPR, Health & Safety at Work Act, EU Directive on the Landfill of Waste, Environmental Permitting (England and Wales) Regulations, Landfill Tax Regulations and Environmental Regulations.

We discussed among the audit engagement team including relevant internal specialists such as tax, valuations, IT, financial instruments and pensions regarding the opportunities and incentives that may exist within the organisation for fraud and how and where fraud might occur in the financial statements.

As a result of performing the above, we identified the greatest potential for fraud or non-compliance with laws and regulations in the following areas, and our specific procedures performed to address them are described below:

- Manual adjustments to revenue: we performed testing of the design and implementation of key controls and substantive procedures including testing of manual revenue journals throughout the year and the use of a bespoke analytic tool to identify any unusual transactions.
- Valuation of the leachate in aftercare provision: we performed testing of the design and implementation of key controls and substantive procedures including the verification of unit costs and key assumptions to supporting documentation, challenge of the inflation rate and discount rate and re-performance of the arithmetical accuracy of the provision model.

Independent auditor's report to the members of Waste Recycling Group (Yorkshire) Limited

In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override. In addressing the risk of fraud through management override of controls, we tested the appropriateness of journal entries and other adjustments; assessed whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluated the business rationale of any significant transactions that are unusual or outside the normal course of business.

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

- reviewing financial statement disclosures by testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- enquiring of management, internal audit and in-house legal counsel concerning actual and potential litigation and claims, and instances of non-compliance with laws and regulations; and
- reading minutes of meetings of those charged with governance.

Report on other legal and regulatory requirements

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.

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 any material misstatements in the directors' report.

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required to report in respect of the following matters 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; or
- the directors were not entitled to take advantage of the small companies' exemptions in preparing the Directors' report and from the requirement to prepare a strategic report.

We have nothing to report in respect of these matters.

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.

Deloitte LLP

David Johnson B.A., F.C.A. (Senior Statutory Auditor)
For and on behalf of Deloitte LLP
Statutory Auditor
Leeds, United Kingdom
20 September 2021

Waste Recycling Group (Yorkshire) Limited

Statement of comprehensive income
For the year ended 31 December 2020

	Note	2020 £'000	2019 £'000
Revenue	4	**183**	161
Other operating expenses		**(466)**	(301)
Depreciation and amortisation		**(109)**	(24)
Operating loss		**(392)**	(164)
Finance costs	7	**(143)**	(94)
Loss before taxation	5	**(535)**	(258)
Tax on loss	8	**112**	181
Loss for the year		**(423)**	(77)
Other comprehensive result for the year, net of tax		**-**	-
Total comprehensive expense for the year		**(423)**	(77)

The notes on pages 15 to 26 are an integral part of these financial statements.

Waste Recycling Group (Yorkshire) Limited

Balance sheet
As at 31 December 2020

	Note	2020 £'000	2019 £'000
ASSETS			
Non-current assets			
Property, plant and equipment	9	**1,752**	1,802
Other receivables	10	**3,551**	3,623
Deferred tax asset	8	**157**	126
		5,460	5,551
Current assets			
Other receivables	10	**56**	181
TOTAL ASSETS		**5,516**	5,732
EQUITY AND LIABILITIES			
Equity			
Called-up share capital	14	**1**	1
Profit and loss account		**3,291**	3,714
Total equity		**3,292**	3,715
Non-current liabilities			
Loans and borrowings	11	**907**	964
Provisions for liabilities	13	**1,261**	872
		2,168	1,836
Current liabilities			
Loans and borrowings	11	**56**	51
Other payables	11	**-**	130
		56	181
Total liabilities		**2,224**	2,017
TOTAL EQUITY AND LIABILITIES		**5,516**	5,732

The notes on pages 15 to 26 are an integral part of these financial statements.

The financial statements of Waste Recycling Group (Yorkshire) Limited, registered number 02436946 were approved by the Board of Directors and authorised for issue on 20 September 2021. They were signed on its behalf by:

V F Orts-Llopis
Director

Waste Recycling Group (Yorkshire) Limited

Statement of changes in equity
For the year ended 31 December 2020

	Called-up share capital £'000	Profit and loss account £'000	Total £'000
Year ended 31 December 2020			
At 1 January 2020	1	3,714	3,715
Loss for the year and total comprehensive expense	-	(423)	(423)
At 31 December 2020	**1**	**3,291**	**3,292**
Year ended 31 December 2019			
At 1 January 2019	1	3,721	3,722
Effect of change in accounting policy for initial application of IFRS 16	-	70	70
At 1 January 2019	1	3,791	3,792
Profit for the year and total comprehensive income	-	(77)	(77)
At 31 December 2019	**1**	**3,714**	**3,715**

Notes to the financial statements
For the year ended 31 December 2020

1. Corporate information

Waste Recycling Group (Yorkshire) Limited is a private company limited by shares incorporated in the United Kingdom under the Companies Act 2006. 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 Waste Recycling Group (Yorkshire) 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 UK group financial statements, copies of which are available from its registered office at Ground Floor West, 900 Pavilion Drive, Northampton Business Park, Northampton, NN4 7RG.

Notes to the financial statements
For the year ended 31 December 2020

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 References to the Conceptual Framework in IFRS Standards IFRS 2, IFRS 3, IFRS 6, IAS 1, IAS 8, IAS 34, IAS 37, IAS 38, IFRIC 12, IFRIC 19, IFRIC 20, IFRIC 22 and SIC-32 (mandatory for the year commencing on or after 1 January 2020);
- Amendments to IFRS 3 Business Combinations to clarify the definition of a business (mandatory for the year commencing on or after 1 January 2020);
- Amendments to IFRS 7 Financial Instruments: Disclosures, IFRS 9 Financial Instruments and IAS 39 Financial Instruments: Recognition and Measurement regarding Interest Rate Benchmark Reform (mandatory for the year commencing on or after 1 January 2020);
- Amendments to IAS 1 Presentation of Financial Statements and IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors to clarify the definition of material (mandatory for the year commencing on or after 1 January 2020).

Going concern

At 31 December 2020 the Company had net assets of £3.3million and net current assets of £nil. The Directors have considered the inter-company funding arrangements and are confident that the Company will continue to meet its obligations over the next twelve months. The Directors, in consideration of their enquiries made with the indirect parent company, FCC E UK, have reviewed projected cash flows and carefully considered the risks to the Company's trading performance and cash flows. In light of the Covid-19 pandemic, the Directors have considered the impact that has been experienced by the Group in recent months with customers, suppliers, employees and other stakeholders as well as the impact on operating cash flows. The Directors have also performed and carefully considered a number of different forecast sensitivities of varying severity to stress test the resilience of the Group's cash flows and trading performance. All sensitivities provided sufficient comfort to the Directors.

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 and leasehold landfill sites	-	based on the void used in the period as a proportion of total void
Freehold buildings	-	over 25 to 50 years
Plant and machinery	-	over 3 to 10 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.

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.

2. Accounting policies (continued)

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.

Reclassification of comparative balances

Balance sheet

The Company has changed the format of its balance sheet as at 31 December 2020, applying paragraph 1A(1) of the Accounting Regulations to adapt the statutory balance sheet formats, and in doing so more closely aligning with the format adopted by FCC. As a result, the comparative amounts for some assets and liabilities have been re-categorised as follows:

1. Amounts of £124,000 previously reported as Debtors: amounts due after more than one year under Current liabilities have been re-presented as Other receivables under Non-current assets;
2. Amounts of £181,000 previously reported under Creditors: amounts falling due within one year have been re-presented under Current liabilities as amounts of £51,000 and £130,000 for Loans and borrowings, and Other payables respectively; and
3. Amounts of £964,000 previously reported under Creditors: amounts falling due after more than one year have been re-presented under Non-current liabilities as Loans and borrowings.
4. Amounts of £3,680,000 previously reported within Debtors: amounts due within one year is now described as Other receivables. Additionally, to reflect the requirements in IAS 1, the Other receivables have been separated into Non-current and Current assets of £3,499,000 and £181,000 respectively to reflect their expected maturity.

Notes to the financial statements
For the year ended 31 December 2020

2. Accounting policies (continued)

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.

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 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.

2. **Accounting policies (continued)**

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 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 a 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.

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.

Notes to the financial statements
For the year ended 31 December 2020

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

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%.

4. Revenue

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

5. Profit before taxation

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

	2020	2019
	£'000	£'000
Increase in environmental provisions on revision of estimate of future costs (included within provisions charge)	**246**	58
Depreciation of property, plant and equipment - owned	**38**	(47)
Depreciation of property, plant and equipment – right of use	**71**	71

Auditor's remuneration in respect of audit fees totalling £7,000 (2019: £7,000) has been met by FCC Recycling (UK) Limited, a fellow subsidiary undertaking of FCC E UK.

In accordance with SI 2008/489 the Company has not disclosed the fees payable to the Company's auditor for 'Other services' as this information is included in the consolidated financial statements of FCC E UK.

6. Directors' remuneration and transactions

None of the Directors received any remuneration or other benefits through the Company during the year ended 31 December 2020 or the previous financial year.

They are all 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 services as a director of this Company. The Directors received total remuneration of £617,000 for services to the Group as a whole in the year ended 31 December 2020 (2019: £639,000). Certain Directors were remunerated by fellow subsidiary companies of FCC without recharge to the Group.

The Company had no employees during the current or previous years.

Notes to the financial statements
For the year ended 31 December 2020

7. Interest payable and similar charges

	2020	2019
	£'000	£'000
Unwinding of discount (note 13)	**106**	55
Interest on lease liabilities	**37**	39
	143	94

8. Tax on loss

The tax position comprises:

	2020	2019
	£'000	£'000
Current tax		
United Kingdom corporation tax at 19% (2019: 19%) based on loss for the year	**(81)**	(55)
Total current tax	**(81)**	(55)
Deferred tax		
Origination and reversal of timing differences	**(16)**	11
Adjustment relating to prior years	**(15)**	(137)
Total deferred tax	**(31)**	(126)
Total tax credit	**(112)**	(181)

Finance Act 2016 had previously enacted provisions to reduce the main rate of UK corporation tax to 17% from 1 April 2020 and accordingly the deferred tax at 31 December 2019 had been calculated at this rate. However, in the March 2020 Budget it was announced that the reduction will not occur and the Corporation Tax Rate will be held at 19%. The Provisional Collection of Taxes Act was used to substantively enact the revised 19% tax rate on 17 March 2020 and accordingly the deferred tax balances have been re-calculated to 19% at the year end.

The March 2021 Budget announced a further increase to the main rate of corporation tax to 25% from April 2023. This rate has not been substantively enacted at the balance sheet date, as result deferred tax balances as at 31 December 20 continue to be measured at 19%.

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

Notes to the financial statements
For the year ended 31 December 2020

8. Tax on loss (continued)

The total tax position for both the current and previous year differs from the average standard rate of 19% (2019: 19%) for the reasons set out in the following reconciliation:

	2020 £'000	2019 £'000
Loss before tax	**(535)**	(258)
Tax on loss at average standard rate	**(102)**	(49)
Effects of:		
Expenses not deductible for tax	**5**	5
Adjustment relating to prior years	**(15)**	(137)
Total tax position	**(112)**	(181)

Deferred tax assets

	Total £'000
Deferred taxation	
Asset at 1 January 2020	126
Credit to statement of comprehensive income	31
Asset at 31 December 2020	**157**

Deferred tax asset is as follows:

	2020 £'000	2019 £'000
Company		
Capital allowances less than depreciation	**145**	134
Short term timing differences	**12**	(8)
	157	126

In previous years, the Company had unrecognised deferred tax assets as there was insufficient certainty as to whether events would materialise to crystallise the deferred tax. With effect from 1 January 2019, the FCC Environment UK Group revised its policy to start charging for group relief between fellow subsidiaries following a change to loss relief rules. Consequently, the Company now makes full provision for deferred tax assets and liabilities as there is sufficient certainty that the deferred tax will crystallise.

Notes to the financial statements
For the year ended 31 December 2020

9. Property, plant and equipment

	Landfill sites £'000	Other property £'000	Plant and machinery £'000	Total £'000
Cost				
At 1 January 2020	9,578	1,070	136	10,784
Additions	59	-	-	59
As at 31 December 2020	9,637	1,070	136	10,843
Depreciation				
At 1 January 2020	8,770	77	135	8,982
Charge for the year	38	71	-	109
As at 31 December 2020	8,808	148	135	9,091
Net book value				
As at 31 December 2020	**829**	**922**	**1**	**1,752**
As at 31 December 2019	808	993	1	1,802

The depreciation credit for the year arises where environmental provisioning assets that have been fully depreciated in previous years are subjected to a downward revision of estimated cost. The reduction in estimated cost is shown as a disposal in the table above (see note 13).

Right-of-use assets

The Company holds a number of long-term lease agreements for various sites and categories of asset as shown in the table. In the year ended 31 December 2018 they were classified as operating leases under IAS 17 and therefore have been reclassified to Other property as at 1 January 2019 in accordance with the transitional arrangements of IFRS 16 'Leases'.

As at 31 December 2020, the cost of right-of-use assets included in Other property was £1,064,000. Accumulated depreciation was £143,000 and the Net book value was £921,000.

10. Other receivables

	2020 £'000	2019 £'000
Current:		
Amounts owed by fellow subsidiary undertakings	**56**	181
Non-current:		
Amounts prepaid to fellow subsidiary undertaking	**3,551**	3,623
	3,607	3,804

Amounts due from fellow subsidiary undertakings within one year 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 2020

11. Other payables

	2020 £'000	2019 £'000
Current:		
Amounts owing to fellow subsidiary undertakings	-	130
Lease liabilities (see note 12)	56	51
	56	181
Non-current:		
Lease liabilities (see note 12)	907	964

At 31 December 2019, the Company is committed to £nil for short term leases.

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

12. Lease liabilities

	2020 £'000	2019 £'000
Maturity profile:		
Due within one year	56	51
Between one and two years	58	56
Between two and five years	194	184
Due after more than five years	655	724
	963	1,015

13. Provisions for liabilities

	Other provisions £'000	Decommissioning £'000	Landfill aftercare £'000	Total £'000
At 1 January 2020	-	111	761	872
Charged to statement of comprehensive income	143	-	246	389
New/(revision of) provisions capitalised in tangible fixed assets	63	(26)	-	37
Unwinding of discount (note 7)	-	8	98	106
Expended in year	(143)	-	-	(143)
At 31 December 2020	63	93	1,105	1,261

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.

Notes to the financial statements
For the year ended 31 December 2020

13. Provisions for liabilities (continued)

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. Called-up share capital and reserves

	2020 £'000	2019 £'000
Allotted, called-up and fully-paid		
1,000 ordinary shares of £1 each	1	1

Profit and loss account

Profit and loss account comprises cumulative profits or losses, including unrealised profits or losses recognised in the statement of comprehensive income and expense.

15. 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 2020 was £110.0million (2019: £108.4million) of which £1.4million (2019: £1.3million) related to the Company.

16. 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.

17. Controlling party

The immediate parent of the Company is Darrington Quarries 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, Ground Floor West, 900 Pavilion Drive, Northampton Business Park, Northampton, NN4 7RG. The registered office of Fomento de Construcciones y Contratas, S.A. is c/Balmes, 36. 08007 Barcelona, Spain.