Company Registration No. 02674169

WasteNotts (Reclamation) Limited

Annual report and financial statements

for the year ended 31 December 2021

WasteNotts (Reclamation) Limited

Annual report and financial statements 2021

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Annual report and financial statements 2021

Officers and professional advisers

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P Taylor
V F Orts-Llopis
A R Pike

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Auditor

Ernst & Young LLP
Statutory Auditor
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WasteNotts (Reclamation) Limited

Strategic report

The Directors present their strategic report on the affairs of WasteNotts (Reclamation) Limited ("the Company") for the year ended 31 December 2021.

Overview of Group

The Company's ultimate parent company is Fomento de Construcciones y Contratas, S.A. ("FCC"). FCC is a company domiciled in Spain and is listed on the Madrid stock exchange.

Following the internal reorganisation of FCC's UK Environment Division in July 2020, the Company became part of a new Energy from Waste ("EfW") sub-group under Green Recovery Projects Limited ("GRP", "the Group"). This consisted of grouping FCC's five UK based EfW plants (Allington, Eastcroft, Lincoln, Millerhill at Edinburgh & Midlothian and Greatmoor in Buckinghamshire) and their related SPV and holding companies under a single parent company to form a new platform for growth.

In November 2020, GRP's immediate parent, FCC Medio Ambiente Reino Unido SLU, sold a 49% stake in GRP to GRP EfW Investments Limited, a company controlled by investment vehicles advised by iCON Infrastructure LLP (collectively "iCON"). FCC and iCON join 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 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 EfW waste infrastructure projects to support sustainable waste management and strategic long-term partnerships as key to the Group's future business growth. Energy from Waste is a key component of the UK's waste and resource strategy for handling and managing residual waste and is a strategy that represents a long term sustainable solution for meeting the Group's clients' diversion targets and for reducing our carbon footprint.

Principal activity

The principal activity of the Company during the year ended 31 December 2021 was the operation and management of the EfW facility at Eastcroft in Nottingham and the provision of steam for district heating and power generation.

The activities, strategies and risks affecting the Company are inextricably similar to, and dependent on, those of the Group, and consequently it is appropriate that the following narrative applies to the Group in its entirety.

Business review

The Directors consider that the Company's business performance remained satisfactory during 2021.

Commentary on the Company's results is set out in the Results, dividends and key performance indicators section on page 3.

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 showed through 2020 and 2021 that it is well placed to weather the current period of uncertainty. Further details of the measures taken by the Group to mitigate the crisis are described in the principal risks and uncertainties section on page 3.

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Strategic report

Results, dividends and key performance indicators

The results for the year ended 31 December 2021 are set out on page 14. The profit before tax (2020: profit) for the financial year ended 31 December 2021 amounted to £4.4million (2020: £4.8million). The Company paid an interim dividend during the year of £4.5m (2020: £2.1m). The Directors do not recommend the payment of a final dividend (2020: £nil). The profit (2020: profit) for the financial year has been transferred to (2020: transferred to) reserves.

For the year ended 31 December 2021, revenue increased by 2.9% to £15.7million (2020: £15.3million). This reflected a change in the mix of waste tonnage being processed at Eastcroft compared to the prior year.

Operating profit in 2021 was £4.5million (2020: £4.8million). The result reflected a slightly higher depreciation charge on property, plant and equipment.

FCC, the ultimate parent company, manages its operations on a divisional basis and information regarding financial and non-financial key performance indicators is included within the FCC annual report. For this reason, the Company's Directors believe that the disclosure of further 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 annual report can be obtained from the address in note 22.

Future trends and developments

The Directors expect the Company to continue to operate in line with its principal activities in future years.

The Directors consider that the climate agenda has become the climate crisis: public concern for the environment has never been greater, and government focus at all levels – internationally, nationally and locally – has shifted significantly. In particular, the UK has committed to Net Zero carbon emissions by 2050 (2045 in Scotland), and new laws are taking shape under the emerging Environment Bill, informed by the 2018 Resources and Waste Strategy. The waste sector works collaboratively to ensure it is making a positive contribution to national and legally binding Net Zero obligations. Within this, the Directors believe that EfW is currently a vital part of today's waste hierarchy.

To tackle the environmental issues, the UK Government has presented to Parliament an ambitious range of measures to address how we better use our precious resources. The measures include a greater than ever emphasis on reduction, reuse and recycling aimed at shaping a new direction for resources and waste management to create a "cleaner, greener and more resilient country for the next generation".

By moving material further up the waste hierarchy away from landfill, the UK waste sector has already helped to reduce greenhouse gas emissions from landfill and has also enabled the UK to improve its municipal recycling rate. Whilst this represents a step towards achieving a Net Zero UK recycling and waste industry, in line with the Government's aspirations, challenges, and indeed opportunities, remain. A balance must be struck between complementing, rather than competing with, recycling. EfW plays an important role treating waste, generating electricity and heat as well as reducing the reliance on fossil fuels.

Principal risks and uncertainties

Operating in the UK's highly regulated waste management market provides a clear legal framework as well as presenting numerous risks and uncertainties to the Group. The Directors regard the following to be the principal risks and uncertainties affecting the Group and their approach to managing these risks and uncertainties is considered below:

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

Principal risks and uncertainties (continued)

- **Environmental risks:** The Group's environmental risks are tightly controlled under environmental legislation enforced principally by the Environment Agency ("EA") and Scottish Environment Protection Agency ("SEPA"). Compliance with all environmental legislation pertinent to the Group's activities is a minimum requirement. A dedicated in-house team prepare regular reports on environmental compliance at the Group's sites for the Board's review. Environmental objectives are reviewed annually and highlighted within the Group's Safety Health Environment and Quality (SHEQ) Policy Statement. In addition to this, there are detailed environmental procedures to enable compliance with environmental legislation.
- **Health and safety:** Health and safety is a key issue for the Group due to the nature of its operations, including the use of heavy plant equipment and difficult working conditions. The Group is continually improving in this area as a result of ongoing consultation with the relevant authorities and the monitoring of best practice initiatives. Whenever an area is highlighted for improvement, the Group seeks to implement such improvement expeditiously; through bulletins, on-line training courses and tool-box briefings. The Group's Incident Review Panel meets quarterly, at which senior management review significant health and safety incidents that have occurred at Group sites to identify improvements and lessons for the business. All employees undertake a rigorous health and safety training programme, which is underpinned by the latest UK legislation, detailed policies and procedures. The Group's executive management receive regular, detailed reports on health and safety performance affecting the Group's operations and it employs a dedicated team, led by the Group Safety, Health, Environment and Quality Manager, to monitor and promote high standards. All employees are expected to recognise their role in achieving acceptable standards of health and safety and to exhibit such understanding through their approach and attitude to work.
- **Business continuity:** The Group, as part of its risk management programme, has developed business continuity planning for its operations. As part of this planning, the Group has developed a bespoke emergency plan for each operational facility (including the diversion of waste from single or multiple sites in the event of major disruption or disaster affecting a site or region). The Group's IT systems are outsourced to a specialist infrastructure IT services company and are covered by an IT disaster recovery plan, to ensure business continuity.
- **Legislation:** The Group monitors forthcoming and current legislation to ensure full compliance and to anticipate and assess the impact upon its operations, including the significant opportunities it can present. The waste management industry is subject to extensive government regulation which has a substantial impact on the Group's business.
- **Economic:** The Group has exposure to reduced economic activity, and in the current year has seen waste volumes reduce where lower economic output has been a factor. We have reviewed the potential impacts and consider that we have sufficient mitigations in place. The Group's strategy is focused on growing through further investment in EfW infrastructure projects.
- **Litigation:** The Group could be subject to litigation from time to time. The outcome of legal action is always uncertain and there is a risk that it may prove more costly and time consuming than expected. There is also a risk that litigation could be instigated in the future that could materially impact the Group. In some liability cases legal expenses are covered by the Group's liability insurance. This risk is mitigated through continued monitoring and employing an experienced and dedicated in-house legal team.
- **Competitive risk:** The Group operates in highly competitive markets in which competitors' service offerings may react faster to legislative and market dynamics than those of the Group. To mitigate this risk, the Group ensures that its asset, cost and capital base is regularly reviewed and flexed to meet changes in customers' demands and to maximise cash generation.
- **Employees:** The Group does not directly employ any staff. Services are provided by wider FCC Group companies through operations and maintenance ("O&M") contracts. There is a risk of losing experienced management personnel in those O&M contracts which could have a materially adverse effect on the business. To manage this risk, the Company engages with the wider FCC Group in respect of succession planning for senior positions within the FCC Group.

Strategic report

Principal risks and uncertainties (continued)

- **Technology:** The Group relies on a variety of information technology platforms for the efficient delivery of its services and has therefore employed a structured IT support team, using internal and external resources. In addition, as there are a wide variety of technologies available to the waste management industry, there is a risk that the technologies employed by the Group might fail to deliver expected performance levels or end products for its customers and so the Group has made a significant investment into establishing a dedicated technical and development team. This team review and assess the available technologies before any are adopted to ensure they will meet the needs of the business and those of its customers.

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 all of which the Directors consider relevant due to the nature of the Company's activities and the assets contained within the Company's balance sheet.

Liquidity and credit risk

The Company's exposure to credit and liquidity risk is reduced as it is a subsidiary of FCC. Credit risk arises from the risk of having credit exposures to third parties, including outstanding receivables. The Directors consider credit risk to be minimal as debtor balances included within the Company's balance sheet consist mainly of amounts due from subsidiaries. Liquidity risk is the risk that the Company will 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.

Interest rate risk

The Group's exposure to interest rate risk is managed by using a mix of fixed and variable rate debt. To manage this mix in a cost effective manner, the Group uses interest rate swaps.

Going concern

The directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Therefore, 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.

WasteNotts (Reclamation) Limited

Strategic report

Section 172 Statement

Section 172 of the Companies Act 2006 requires each director to act in the way they consider, in good faith, would be most likely promote the success of the Company for the benefit of its members as a whole, and in doing so have regard, amongst other matters, to:

- the likely consequences of any decision in the long term;
- the interests of the Company's employees;
- the need to foster the Company's business relationships with suppliers, customers and others;
- the impact of the Company's operations on the community and the environment;
- the Company's reputation for high standards of business conduct; and
- the need to act fairly between members of the Company.

The Board of directors have complied with these requirements. Details of the Board's decisions in 2020 and 2021 to promote long-term success, and how it engaged with stakeholders and considered their interests when making those decisions, can be found throughout this Strategic report and in the Directors' report.

Details of our strategy are set out on page 2 of the Strategic report and page 7 of the Directors' report. The Strategic report highlights performance in the year against that strategy together with future trends and developments.

The Group is also subject to the Code of Ethics issued by its parent company FCC which sets out guidelines for conduct including in relation to corruption and bribery.

The Company's main stakeholders are its members and external debtors and creditors. Open, constructive dialogue with our key stakeholders is critical to inform the Board's decisions. Details of how the Group has engaged with its stakeholders are set out on page 9 of the Directors' report. The Board has overall responsibility for managing relationships with all our stakeholders. Day to day relationships are mainly managed through operations and maintenance contracts with wider FCC Group subsidiary companies.

Operating within the UK's highly regulated waste management market, the Board's regard to the environment as well as the health and safety of all persons entering its sites is of paramount importance. How the Group addresses environmental and health and safety risk is set out on page 4.

Approved by the Board of Directors

and signed on its behalf by:

V F Orts-Llopis
Director
25 May 2022

WasteNotts (Reclamation) Limited

Directors' report

The Directors present their annual report and the audited financial statements of the Company for the year ended 31 December 2021. Information on the Company's going concern status, financial risk management policies and dividends are disclosed in the strategic report.

Directors

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

P Taylor
V F Orts-Llopis
A R Pike

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.

Future developments

The future developments of the Company are considered in detail in the Strategic report on page 3.

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 2021, 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.

The Group is a newly created entity, within the FCC Group and in joint-venture with iCON. We are a leader in the waste recovery sector, helping to 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 GRP's EfW business. As a result, there is uniformity and consistency of strategy, policies, procedures and decision making across GRP's subsidiaries. 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 GRP subsidiary and therefore some narrative may not be directly relevant to the Company.

Principle 1 – Purpose and Leadership

We are a modern progressive company and pride ourselves on innovation. GRP 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 creation of this new company allows GRP to invest in the waste recovery sector and develop new treatment facilities.

Our aim is wholeheartedly to support the drive to more and better resource efficiency by reducing waste at source where possible and as a business we recycle some 1.8million tonnes of material each year. We are realistic about the materials that are not able to be recycled, for whatever reason, and it is our firm belief that recovering the energy from that waste to utilise as heat or for conversion into electricity is the best option.

The Group's strategy is also set out on page 2 of the Strategic report.

Directors' report

Statement of Corporate Governance (continued)

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 and Chief Financial Officer from FCC and one executive director from iCON, enabling an effective composition of the Board, creating clear accountabilities as well as ensuring that it fulfils the strategic needs of the Company.

The Board receives monthly updates from the Development Committee and Finance Reporting Group providing an overview both in terms of performance and strategy as well as issues relating to development and wider stakeholder matters.

Principle 3 – Directors Responsibilities

The Board 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 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

Keeping ourselves, our customers and our visitors safe are at the centre of the business' values and the Directors at GRP never lose sight of the potential hazards that exist in the workplace.

During the period, our priority was to ensure the protection and wellbeing of our contractors and communities, whilst mitigating the impact upon the essential services we provide; especially those which impact on public health. To achieve this, we maintained a programme of continuous engagement with our stakeholders through planning, re-engineering, monitoring and review activities.

Principle 4 – Opportunity & Risk

The Group 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, GRP was formed by FCC entering into a new investment partnership with iCON, 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 join 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.

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 3-5 of the Strategic Report.

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, engaged through the O&M contracts delivered by FCC subsidiaries, ensures the right level of diligence, whilst robust measures are in place to identify risks and assess, consider, manage and prioritise any impact.

Our vision is to create sustainable carbon-neutral communities, working with local and national partners, with consideration for the environment at every stage.

Principle 5 – Remuneration

GRP does not remunerate any members of the Board and the Company is not recharged for their services. The remuneration of the FCC representative Board members is controlled by the wider FCC Group of companies and the remuneration of the iCON representative Board member is undertaken by iCON.

The Company and Group do not have any further employees.

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.

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 3-5 of the Strategic report and remain compliant with applicable laws and regulations.

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 February 2021, our Greatmoor EfW visitors centre delivered online teaching and pre-recorded educational material for students at local schools as part of its ongoing commitment to support the education of children and young adults. The waste awareness sessions were arranged through Action4Youth's Inspirational Programme, designed to educate young adults on different industries and prepare them for the workplace.

In April 2021, Gipsey Bridge Academy visited our Lincolnshire EfW and won the "Waste Free Lunch challenge" competition ran by the site. The competition was run in partnership with Lincolnshire County Council to encourage students to bring along a packed lunch to the facility with as little waste as possible. The Gipsey Bridge Academy came out on top creating only 400g of waste between them.

Also in April 2021, our Greatmoor EfW starred in the BBC's One show, Dom Digs In. In the "Waste" episode Dom discovered how our waste was turned into energy to power our homes and businesses. In the show Dom got to see first hand the different stages non-recyclable household waste went through after being collected from the kerbsides, and toured with the waste from the weighbridge at the transfer station on to Greatmoor EfW to be generated into electricity.

In August 2021, Lincolnshire EfW staff took part in the annual LincsFest, promoting and informing visitors about the EfW facility and informing the public about other areas of waste management on behalf of Lincolnshire EfW. A marquee was manned with staff taking part in craft projects which included a giant waste board game for all ages to learn about the best ways to deal with waste and how to save energy.

In September 2021, Allington EfW opened its doors for a weekend to provide friends and family of staff with 'behind the scenes' access to the site. This was done as a thank you to all the staff who had worked tirelessly throughout the 18 months of Covid. Almost 300 family members enjoyed seeing the plant and exhibitions. There were also activities for the children including a bungee run, coconut shy and climbing wall.

In November 2021, Allington EfW welcomed 'Lottie' from the Women's Engineering Society (WES). The aim of the 'Lottie Tour' is to inspire and empower female engineers across the country.

Post balance sheet event

The conflict between Russia and Ukraine is a post balance sheet event that remains ongoing at the date of approval of the financial statements. See note 21 for details of the considerations and implications on the Group.

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;
- 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.

Under applicable law and regulations, the directors are also responsible for preparing a strategic report and directors' report that comply with that law and those regulations.

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").

Approved by the Board
and signed on its behalf by:

V F Orts-Llopis
Director
25 May 2022

Independent auditor's report to the members of WasteNotts (Reclamation) Limited

Opinion

We have audited the financial statements of WasteNotts (Reclamation) Limited for the year ended 31 December 2021 which comprise the Statement of comprehensive income, the Balance sheet, the Statement of changes in equity and the related notes 1 to 22 including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards including FRS 101 "Reduced Disclosure Framework" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

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

Basis for opinion

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

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

Conclusions relating to going concern

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

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

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the company's ability to continue as a going concern.

Other information

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

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

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives 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 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 WasteNotts (Reclamation) 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 strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

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

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

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

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 10, 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 WasteNotts (Reclamation) 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 WasteNotts (Reclamation) Limited is complying with those frameworks by making enquiries of management to understand how the Company maintains and communicates its policies and procedures in these areas. We corroborated this by reviewing supporting documentation to validate that the Company has a process for monitoring legal requirements and has a process for reporting matters of non-compliance and taking appropriate action.
- We assessed the susceptibility of the company's financial statements to material misstatement, including how fraud might occur by gaining an understanding of the Company's policies and making enquiries of management and those charged with governance. We also used data analytics and obtained the entire population of journals for the year, identifying the specific transactions for further investigation based on certain risk criteria. We understood the items identified for testing and agreed them to source documentation.
- Based on this understanding we designed our audit procedures to identify noncompliance with such laws and regulations. Our procedures involved, enquiry of management and those charged with governance as to any fraud identified or suspected in the period or any actual or potential litigation or claims or breaches of significant laws or regulations applicable to the Company, auditing the risk of management override of controls through enquiry of management as well as testing of a sample of journal entries based on certain risk criteria, challenging the judgements made by management through corroborating the basis for those judgments and considering contradicting evidence and reading financial statement disclosures and testing to supporting documentation to assess compliance with applicable laws and regulations.

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

Use of our report

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

Ernst & Young LLP

Richard Lingwood (Senior statutory auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
Leeds
25 May 2022

Statement of comprehensive income
For the year ended 31 December 2021

	Notes	2021 £'000	2020 £'000
Revenue	4	**15,713**	15,273
Staff costs	6	**-**	(280)
Other operating expenses		**(7,274)**	(6,661)
Depreciation and amortisation		**(3,913)**	(3,521)
Operating profit		**4,526**	4,811
Finance costs	8	**(148)**	(48)
Profit before tax	5	**4,378**	4,763
Income tax	9	**(1,535)**	(687)
Profit for the year		**2,843**	4,076
Other comprehensive result for the year, net of tax		**-**	-
Total comprehensive income for the year		**2,843**	4,076

The notes on pages 17 to 29 are an integral part of these financial statements.

WasteNotts (Reclamation) Limited

Balance sheet
As at 31 December 2021

	Note	£'000	2021 £'000	£'000	2020 £'000
ASSETS					
Non-current assets					
Property, plant and equipment	10	**27,688**		28,717	
Trade and other receivables	11	**36,165**		-	
			63,853		28,717
Current assets					
Trade and other receivables	11	**1,282**		37,326	
Cash and cash equivalents		**4,789**		6,084	
			6,071		43,410
TOTAL ASSETS			**69,924**		72,127
EQUITY AND LIABILITIES					
Share capital	16	**6,296**		6,296	
Retained earnings		**36,071**		37,728	
Total equity			**42,367**		44,024
Non-current liabilities					
Lease liabilities	14	**2,069**		1,211	
Other payables	13	**17,499**		19,320	
Deferred taxation	15	**1,430**		1,181	
			20,998		21,712
Current liabilities					
Trade and other payables	12	**2,924**		2,430	
Other payables	13	**3,567**		3,592	
Lease liabilities	14	**-**		3	
Income tax payable		**68**		366	
			6,559		6,391
Total liabilities			**27,557**		28,103
TOTAL EQUITY AND LIABILITIES			**69,924**		72,127

The notes on pages 17 to 29 are an integral part of these financial statements.

The financial statements of WasteNotts (Reclamation) Limited, registered number 02674169 were approved by the Board of Directors and authorised for issue on 25 May 2022. They were signed on its behalf by:

V F Orts-Llopis
Director

WasteNotts (Reclamation) Limited

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

	Share capital £'000	Retained earnings £'000	Total £'000
For the year ended 31 December 2021			
At 1 January 2021	6,296	37,728	44,024
Interim dividend paid (note 18)	-	(4,500)	(4,500)
Profit for the year and total comprehensive income	-	2,843	2,843
At 31 December 2021	**6,296**	**36,071**	**42,367**
For the year ended 31 December 2020			
At 1 January 2020	6,296	35,707	42,003
Interim dividend paid (note 18)	-	(2,055)	(2,055)
Profit for the year and total comprehensive income	-	4,076	4,076
At 31 December 2020	6,296	37,728	44,024

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

1. Corporate information

WasteNotts (Reclamation) Limited is a company 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 Strategic 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 WasteNotts (Reclamation) 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 IFRS 7 *Financial Instruments: Disclosures*
(b) The requirements of paragraphs 91 to 99 of IFRS 13 *Fair Value Measurement*
(c) 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*;
(d) 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*
(e) The requirements of IAS 7 *Statement of Cash Flows*
(f) The requirements of paragraphs 30 and 31 of IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors*
(g) The requirements of paragraph 17 of IAS 24 *Related Party Disclosures*
(h) 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
(i) 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 group financial statements, copies of which are available from its registered office at 3 Sidings Court, White Rose Way, Doncaster, DN4 5NU.

2. Accounting policies (continued)

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

New Standards and amendments to Standards and Interpretations that became mandatory for the first time for the financial year beginning 1 January 2021 are listed below. The amendments had no material impact on the Company's results.

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

Going concern

At 31 December 2021 the Company had net assets of £42.4million and net current liabilities of £0.5million. Current liabilities include £3.6million of deferred income, which relates to income already received, which will be released to the statement of comprehensive income in 2022 in parallel with the related depreciation expense and will not therefore require a cash settlement (see note 13). When this is excluded from the calculation of net current liabilities, the Company has sufficient cash reserves to meet its current liabilities.

The directors have reviewed projected cash flows and carefully considered the risks to the Company's performance and cash flows for the forthcoming twelve month period from the date of signing of the financial statements, and have identified no reason to believe that a material uncertainty exists that may cast significant doubt about the ability of the Company to continue as a going concern.

For these reasons, they 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 tangible assets, 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
Plant and machinery	-	over 3 to 20 years
Right-of-use-assets	-	over the shorter period of the lease term or the useful life of the underlying asset

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.

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

2. Accounting policies (continued)

Cash and cash equivalents

Cash and cash equivalents include cash-in-hand, deposits held at call with banks and other short term investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. Cash and cash equivalents are carried in the balance sheet at cost.

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 units 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.

Trade and other receivables

Trade and other receivables are recognised initially at fair value. Subsequent to initial recognition they are measured at amortised cost less any allowance for doubtful debts. Trade receivables, which generally have 30-60 day terms, are recognised and carried at original invoice amount less an allowance for any uncollectible amounts. An estimate for impairment is made when collection of the full amount is no longer probable. Bad debts are written off when identified.

Trade and other payables

Trade and other payables are recognised initially at fair value. Subsequent to initial recognition, they are measured at amortised cost less any impairment losses.

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
- receivables and payables 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 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.

Employee benefits

Following the reorganisation in July 2020, staff costs are no longer recharged directly to the Company, but form part of a wider management services agreement.

Until the reorganisation, certain employees of the Company were members of a pension scheme operated by the FCC Group providing benefits based on final pensionable pay. The assets of the scheme are held separately from those of the Company. The Company was unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis and therefore, as required by IAS 19, accounted for the scheme as if it were a defined contribution scheme. As a result, the amount charged to the profit and loss account represented the contributions payable to the scheme in respect of the accounting year.

Until the reorganisation, the Company also participated in a defined contribution scheme on behalf of its eligible employees. Contributions to the scheme were 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 were shown as either accruals or prepayments in the balance sheet.

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 as a separate line in the balance sheet.

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

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

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

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

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

2. Accounting policies (continued)

Leases (continued)

The Company as lessee (continued)

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.

There are no areas of significant judgement or specific estimates or assumptions relevant to the Company.

4. Revenue

All revenue was generated in the United Kingdom principally from the operation and management of the EfW facility at Eastcroft in Nottingham and the provision of steam for district heating and power generation.

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

5. Profit before taxation

Profit before taxation is stated after charging:

	2021 £'000	2020 £'000
Depreciation of property, plant and equipment – owned	**3,840**	3,498
Depreciation of right-of-use assets	**73**	23

Auditor's remuneration in respect of audit fees totalling £7,000 (2020: £7,000) will be met by the Company. In 2020 audit fees were met by FCC Recycling (UK) Limited, a fellow subsidiary undertaking of FCC UK.

6. Staff costs

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

	2021 Number	2020 Number
Operational	**-**	9

	2021 £'000	2020 £'000
Wages and salaries	**-**	242
Social security costs	**-**	26
Pension costs (see note 17)	**-**	12
Other staff costs	**-**	-
	-	280

Following the reorganisation in July 2020, staff costs are no longer recharged directly to the Company, but form part of a wider management services agreement. It is not possible to separately identify staff costs within that services recharge. Average employee numbers and staff costs shown above therefore relate only to the period up to the reorganisation.

7. Directors' remuneration and transactions

None of the Directors received any remuneration or other benefits through the Company during the year ended 31 December 2021 or the previous financial year.

P Taylor and V F Orts-Llopis are remunerated as directors or employees of FCC Environment (UK) Limited, a fellow FCC UK subsidiary, for services to FCC's UK Environment division as a whole and it is not therefore possible to directly attribute any element of their remuneration to the Company. A R Pike is remunerated by iCON without recharge to the Company or FCC Group.

8. Finance costs

	2021 £'000	2020 £'000
Interest on lease liabilities	**148**	48

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

9. Income tax

The tax charge comprises:

	2021 £'000	2020 £'000
Current tax		
United Kingdom corporation tax at 19% (2020: 19%) based on profit for the year	**920**	849
Adjustment in respect of prior years	**366**	(364)
Total current tax	**1,286**	485
Deferred tax		
Origination and reversal of timing differences	**(124)**	87
Adjustment in respect of prior years – change of tax rate	**373**	115
Total deferred tax (see note 15)	**249**	202
Tax on profit on ordinary activities	**1,535**	687

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

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

	2021 £'000	2020 £'000
Profit before tax	**4,378**	4,763
Tax on profit at average standard rate	**832**	905
Effects of:		
Expenses not deductible for tax	**(36)**	31
Adjustments in respect of prior years - change of tax rate	**373**	115
Adjustments in respect of prior years - other	**366**	(364)
Total tax charge	**1,535**	687

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

10. Property, plant and equipment

	Freehold buildings £'000	Plant and machinery £'000	Right-of-use-assets Land £'000	Total £'000
Cost				
At 1 January 2021	21,985	48,290	1,220	71,495
Additions	424	1,700	760	2,884
At 31 December 2021	**22,409**	**49,990**	**1,980**	**74,379**
Depreciation				
At 1 January 2021	17,184	25,548	46	42,778
Charge for the year	201	3,639	73	3,913
At 31 December 2021	**17,385**	**29,187**	**119**	**46,691**
Net book value				
At 31 December 2021	**5,024**	**20,803**	**1,861**	**27,688**
At 31 December 2020	4,801	22,742	1,174	28,717

Right-of-use assets

The Company holds a long term lease agreement for land in relation to the Eastcroft EfW facility. The lease term is due to expire in 51 years. No right-of-use-asset leases expired in the current or previous financial year.

11. Trade and other receivables

	2021 £'000	2020 £'000
Non-current:		
Amounts owed by immediate parent undertaking	**36,165**	-

	2021 £'000	2020 £'000
Current:		
Trade receivables	**769**	807
Amounts owed by immediate parent undertaking	**-**	36,290
Amounts owed by fellow subsidiary undertakings	**212**	229
Prepayments and accrued income	**301**	-
	1,282	37,326

Amounts owed by the immediate parent undertaking and fellow subsidiary undertakings are unsecured, interest free and are repayable on demand. The Company does not intend to seek repayment of the amounts owed by its immediate parent within the next twelve months.

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

12. Trade and other payables (current)

	2021 £'000	2020 £'000
Trade payables	**298**	221
Amounts owed to fellow subsidiary undertakings	**2,297**	1,720
Other taxation and social security	**329**	489
	2,924	2,430

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

13. Other payables

	2021 £'000	2020 £'000
Non-current:		
Deferred income	**17,499**	19,320

	2021 £'000	2020 £'000
Current:		
Deferred income	**3,567**	3,592

Deferred income is released to the statement of comprehensive income on a straight-line basis in parallel with the related depreciation expense.

14. Loans and borrowings

	2021 £'000	2020 £'000
Loans and borrowings (non-current)		
Lease liabilities	**2,069**	1,211

	2021 £'000	2020 £'000
Loans and borrowings (current)		
Lease liabilities	**-**	3

	2021 £'000	2020 £'000
Maturity profile		
Due within one year	**-**	3
Between one and two years	**-**	4
Between two and five years	**-**	15
Due after more than five years	**2,069**	1,192
	2,069	1,214

At the 31 December 2021, the Company is committed to £nil for short term leases (2020: £nil).

15. Deferred taxation

	Total £'000
Deferred taxation	
Provision at 1 January 2021	1,181
Charge to profit and loss account	249
Provision at 31 December 2021	**1,430**

	2021 £'000	2020 £'000
Deferred tax comprises:		
Capital allowances in excess of depreciation	**1,430**	1,181

16. Share capital and reserves

	2021 £'000	2020 £'000
Allotted, called-up and fully-paid		
6,295,500 Ordinary shares of £1 each	**6,296**	6,296

Retained earnings

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

17. Retirement benefit schemes

Following the reorganisation in July 2020, staff costs are no longer recharged directly to the Company, but form part of a wider management services agreement. It is not possible to separately identify pension costs within that services recharge.

Defined contribution schemes

Until the reorganisation, the Company participated 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 2021 was £nil (2020: £8,000). There were no outstanding or prepaid contributions at either the beginning or end of the financial year.

Defined benefit schemes

Until the reorganisation, certain employees of the Company were members of the Citrus Pension Scheme (formerly LAWDC) in which FCC E UK is a participating employer. This is a defined benefit multi-employer scheme, the assets of which are held independently of the Group. The Company is unable to identify its share of the underlying assets and liabilities of the scheme. Further details regarding the scheme are provided in the financial statements of FCC E UK.

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

17. Retirement benefit schemes (continued)

The contributions made by the Company under the different schemes during the prior year were as follows:

	2020 £'000
Defined contribution schemes	8
Citrus defined benefit multi-employer pension scheme	4
	12

18. Dividends per share

	2021 £'000	2020 £'000
Interim dividend paid of £0.71 per share (2020: £0.33 per share)	**4,500**	2,055

19. Contingent liabilities

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

(b) There are fixed and floating charges over the assets of the Company in connection with the financing of the FCC Energy Limited group, of which the Company is parent.

20. Related party transactions

The Directors regard all subsidiaries of FCC together with the Group's 49% shareholder, GRP EfW Investments Limited, 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 the Green Recovery Projects Group.

Year ended 31 December 2021	**Property, plant & equipment £000**	**Revenue £'000**	**Other operating expenses £'000**	**Finance costs £'000**	**Tax £'000**
FCC Recycling (UK) Limited	-	**1,100**	**1,591**	-	**665**
WasteNotts O&M Services Limited	**1,825**	-	**4,314**	-	-
	1,825	**1,100**	**5,905**	-	**665**

Year ended 31 December 2020	**Revenue £'000**	**Other operating expenses £'000**	**Finance costs £'000**	**Tax £'000**
Derbyshire Waste Limited	668	-	-	-
FCC Recycling (UK) Limited	83	1,354	-	-
FCC Waste Services (UK) Limited	59	-	-	-
Pennine Waste Management Limited	332	-		
WasteNotts O&M Services Limited	2,526	6,713	-	-
WRG (Midlands) Limited	491	-	-	-
	4,159	8,067	-	-

20. Related party transactions (continued)

	Receivables		Payables	
	2021	2020	**2021**	2020
	£'000	£'000	**£'000**	£'000
FCC Environment (UK) Limited	**-**	-	**(321)**	(321)
FCC Recycling (UK) Limited	**212**	229	**(916)**	(618)
	212	229	**(1,237)**	(939)

21. Post balance sheet event

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

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

22. Controlling party

The immediate parent of the Company is Kent Energy 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 entity. 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 and smallest group of which the Company is a member and for which statutory group accounts are drawn up. Copies of the financial statements of Fomento de Construcciones y Contratas, S.A. are available from the Company Secretary, 3 Sidings Court, White Rose Way, Doncaster, DN4 5NU. The registered office of Fomento de Construcciones y Contratas, S.A. is c/Balmes, 36. 08007 Barcelona, Spain.