LondonEnergy Ltd

Annual Report and Financial Statements

Year Ended

31 December 2021

Company Number 02732548

LondonEnergy Ltd

Company Information

Directors	D J Lloyd T L Songini J E Kendall U Rottger P J L Zinkin D Wilkinson I Williams M H Capstick R L Rennison C W Loakes J B Price
Company secretary	K A Pearce
Registered number	02732548
Registered office	Ecopark Advent Way Edmonton London N18 3AG
Independent auditor	BDO LLP 55 Baker Street London W1U 7EU

LondonEnergy Ltd

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LondonEnergy Ltd

Strategic Report
For the Year Ended 31 December 2021

Review of the Business

The principal business of LondonEnergy Ltd (the Company) is the generation of electricity from the thermal treatment of waste and the recycling and transfer of waste.

LondonEnergy had a negative trading year. This was principally due to challenges caused by an extended outage on one of its four turbines, in the energy centre, which was out of service for 5 months. This was returned to service in December 2021.

As in the previous year, the Company continued to focus its efforts on maintaining operations throughout the coronavirus pandemic managing the waste of North London, and despite the extended outage diverted over 96% of waste away from landfill.

Following the sale of land at its main site to the North London Waste Authority in 2020 the Company has been working closely with the Authority to facilitate the future construction works for the Authority's new Energy Recovery Facility (ERF) and associated assets on the site. The contract to build the UKs most advanced ERF on the existing site was signed by the Authority on 24th January 2022.

Principal risks and uncertainties

Price risk
The Company is exposed to market volatility in electricity prices. However, this is actively managed by the Company where possible to minimise short and medium term uncertainty.

Operational risk
The waste incineration and electricity generating capacity of the Company is reliant on maintaining the resilience and availability of the ageing plant. The Company is continuing to invest in the maintenance, reliability and safety of the current plant such that it can continue to process North London's waste until the new facility becomes available.

Liquidity risk
The Company holds surplus funds in a current account and on deposit and these balances are subject to the risk of failure by the institutions holding them. The risk is minimised by assessing the financial stability of the banks holding these funds.

The Company has a defined benefit pension scheme which has been closed to new entrants since 2004 and was closed to future accrual on 31 December 2018.

Regular employer pension contributions are made to the fund in respect of the deficit reduction plan agreed with the Pension Regulator, as well as meeting the fund's expenses.

In order to remove risk from the scheme the trustees have a long term plan to gradually switch investment in equities into bonds as the scheme heads towards maturity. As at December 2021, the scheme has an accounting surplus, which the Company has not recognised.

Analysis of the development and performance of the business

The Company operates a waste management contract for the North London Waste Authority (NLWA) which extends to 1 December 2025 and for Hertfordshire County Council which extends to 31 March 2023.

In December 2018, the Authority announced that it is working with the Company towards an award of a contract to manage the waste collected by the seven north London Boroughs and to operate the replacement Energy Recovery Facility (ERF) at Edmonton EcoPark. The ERF is planned as part of the Authority's North London Heat and Power Project (the Project) having been granted a Development Consent Order to construct and operate an ERF and associated developments for the effective management of waste onsite. The contract to build the new ERF was signed by the Authority on 24th January 2022.

Analysis of the position of the business

The Company successfully delivered the requirements of its waste contracts through 2021 despite the challenges of managing the ageing plant.

The Statement of Financial Position as at 31 December 2021 remains resilient with cash reserves in excess of £1,000,000 and the Company has been debt free for several years. The outstanding balance of £8,626,000 due from the sale of land in 2020 was received in April 2022. The current programme of capital investment in the life extension programme, whilst fundable within current Company resources, will continue to impact on cash reserves.

Analysis using financial key performance indicators

Turnover for the year was £62,156,000 (2020 - £66,739,000) and the loss before tax was £5,567,000 (2020 - excluding impact from land sale, profit of £3,654,000). The Statement of Financial Position shows that the Company's net assets of £63,918,000 (2020 - £69,447,000) represented a decrease of 8% compared to the previous year.

The Company is committed to maximising the percentage of waste which is either recycled or converted to electricity and to minimising the amount of waste being landfilled. In 2021, the amount recycled or converted to electricity totalled 96.4% (2020 - 100%).

Directors' duties and s172 statement

The directors of the Company, as those of all UK companies, must act in accordance with a set of general duties. These duties are detailed in section 172 of the Companies Act 2006 which can be summarised as follows:

A director of a Company must act in the way they consider, in good faith, would be most likely to 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 decisions in the long term;
- the interests of the Company's employees;
- the need to foster the Company's business relationships with customers, suppliers and others;
- the impact of the Company's operations on the community and the environment;
- the desirability of the Company to maintain a reputation for high standards of business conduct; and
- the need to act fairly between members of the Company.

The directors fulfil their duties partly through a governance framework that delegates day to day decision making to employees of the Company. They also fulfil their duties, which include the requirements listed above, through:

Risk Management

It is essential that the Company identifies, evaluates, manages and mitigates the risks it faces in its operation. This is done through the monitoring of risk at Company and departmental level. The Audit and Risk Committee is responsible for reporting to the Board the results of this monitoring.

Our People

The Company is committed to being a responsible business. Our values and behaviours are aligned with the expectations of our people, customers, communities and the society we serve. People are central to the success of our endeavour and to succeed we need to manage performance and develop talent to ensure we operate as efficiently as possible. We also must ensure that our common values inform and guide our behaviour so that we achieve our objectives in the right way.

Directors' duties and s172 statement (continued)

Our People (continued)

The Company was pleased to maintain its Great Place to Work (One to Watch) status in the year. It shares its vision with its people through inclusion in Company and departmental objective setting and uses several methods of communication including weekly Teams meetings, newsletters, toolbox talks, and social media. It solicits feedback through several avenues including monthly and annual employee surveys and has a Recognition Agreement with represented trades unions.

All employees are paid at least the London Living Wage.

Business Relationships

We are an essential industry serving and owned by the communities of North London. To ensure that we continue to succeed we need to develop and maintain strong customer relationships. Additionally, we value all our suppliers and have multi-year contracts with our key suppliers.

Community and Environment

As a regulated industry, ensuring that our operation is beneficial to the community and the environment is critical. We publish information on our website and interact with our communities in a number of ways, including social media, site visits and interaction with educational bodies.

Shareholder

The Board is committed to openly engaging with our shareholder, as we recognise the importance of a continuing constructive dialogue. It is important that our strategy and objectives are clearly explained, feedback heard, and issues or questions raised properly considered.

To facilitate this open dialogue with our shareholder and with our wider stakeholders, the Board of Directors was increased in January 2021 to include Local Councillors and the Managing Director of our parent the NLWA.

During the year we continued to have constructive dialogue with our shareholder in connection with an award of a contract to operate the replacement Energy Recovery Facility (ERF) at Edmonton EcoPark.

This report was approved by the Board and signed on its behalf by:

Justin Price

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J B Price
Director

Date: 29 July 2022

LondonEnergy Ltd

Directors' Report
For the Year Ended 31 December 2021

The directors present their report and the financial statements for the year ended 31 December 2021.

Directors' responsibilities statement

The directors are responsible for preparing the Strategic Report, the Directors' 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). 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 year.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards 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.

Results and dividends

The loss for the year, after taxation, amounted to £4,819,000 (2020 - profit of £11,577,000).

The directors do not recommend the payment of a dividend (2020 - £Nil).

Directors

The directors who served during the year and up to the date of this report unless otherwise stated were:

P D Wynn (resigned 31 January 2021)
R L Georgeson (resigned 31 January 2021)
D J Lloyd
T L Songini
M B Czulowski (resigned 1 September 2021)
J E Kendall
U Rottger
P J L Zinkin (appointed 20 January 2021)
D Wilkinson (appointed 20 January 2021)
I Williams (appointed 20 January 2021)
M H Capstick (appointed 20 January 2021)
U S Taylor (appointed 20 January 2021, resigned 31 May 2022)
R L Rennison (appointed 20 January 2021)
C W Loakes (appointed 20 January 2021)
J B Price (appointed 27 January 2022)

Employment Policies

People with disabilities
The Company operates an equal opportunities employment policy and is opposed to all forms of discrimination.

Applications for employment by persons with a disability are always fully considered, bearing in mind the abilities of the applicant concerned. In the event of members of staff becoming disabled every effort is made to ensure that their employment with the Company continues and that appropriate adjustments and training are arranged. It is the policy of the Company that the training, career development and promotion of persons with a disability should, as far as possible, be identical to that of other employees.

Employee Involvement
The Company recognises the importance of its employees and is committed to effective two way communication and consultation.

Company policies and procedures are published on the Company intranet, which is accessible to all employees.

The Company communicates information of interest or concern to employees in a number of ways; by team briefing, newsletter, through union representation and by direct communication. The information in these publications and briefings cover a wide range of subjects that affect the business.

Where it is identified that operational changes are required to meet business or health and safety needs which affect employees the Company consults with groups and individuals at both a functional and company-wide level.

An annual employee survey is undertaken each year to seek input from employees to inform the Company's employee strategies. The Company also carries out a monthly survey to ascertain employee satisfaction. The Company became accredited as a Great Place to Work in 2020 and was ranked as "One to Watch" in 2021.

The Company continues to promote best practice in Health and Safety by all employees, through its training and communication initiatives.

The Company encourages the involvement of employees in the performance of the Company through participation in a bonus scheme on successful achievement of Company performance targets.

The Company promotes highly skilled opportunities for graduates and apprentices through structured programmes.

The Company recognises the rights of every employee to join a trade union and participate in its activities.

Streamlined Energy and Carbon Reporting (SECR)

To ensure we achieve transparency, and deliver effective emissions management, the Company implements and utilises robust and accepted methods of reporting.

Our GHG data is collated annually and our carbon footprint is calculated using the latest Defra (Department for Environment, Food and Rural Affairs) and BEIS (Department for Business, Energy & Industrial Strategy) emissions factors.

Streamlined Energy and Carbon Reporting (SECR) (continued)

The period covered for the purposes of the Streamlined Energy and Carbon Reporting is 1 January 2021 to 31 December 2021 and our calculations are within the following boundaries:

- **Process, buildings, and transport** - related energy- diesel, gasoil and natural gas (Scope 1), and electricity (Scope 2); and
- ***Business travel*** (Scope 3)

Calculation Methodology

The Company has assessed its GHG emissions in accordance with Defra's 'Environmental reporting guidelines: including Streamlined Energy and Carbon Reporting Requirements' and uses the 2021 emission conversion factors developed by DEFRA and BEIS.

Results

The following table shows the Company's GHG emissions during the reporting year 1 January 2021 to 31 December 2021.

Element	2021 (kgCO_2e)	2020 (kgCO_2e)
Direct emissions (scope 1) - natural gas and diesel consumption	**2,719,864.98**	2,731,903.25
Indirect emission (scope 2) - from purchase electricity	**361,870.73**	340,138.98
Total kg CO_2e (scope 1 & scope 2)	**3,081,735.71**	3,072,042.23
Other indirect emissions **(scope 3)** - business travel and transmission and distribution losses	**1,706.53**	34,362.18
Gross Total Emissions	**3,083,442.24**	3,106,404.40
Intensity ratio (Gross Emissions): kg of CO_2e per tonne of waste treated	**4.23**	4.51
Total energy consumption (kWh)	**12,897,127.77**	13,178,183.42

Notes:
Scope 2 - *electricity used from in-house generation has been removed in 2021 as it is not a reportable Scope 2 emission.*
Scope 3 - transmission and distribution losses were included in the Scope 2 emissions in 2020 but in 2021 these have been moved to Scope 3.

The 2020 SECR statistics in the table above have been adjusted to remove natural gas which was used on a shared location that was not consumed by LEL (reduces Scope 1 by: 272,742.68 kg CO2e)

For reference, in 2020 the electricity generated and used on site was: 38,951,535.00 MWh and for 2021 this was: 41,869,806.29 kWh; which for comparison purposes if included in the table above would give a Total Energy Consumption (Scope 1, 2 and 3) in kWh of (2020: 51,848,662.77 kWh and 2021: 51,205,170.42 kWh).

Energy Efficiency Action Taken

During the past years there are several areas where the Company has taken action to improve energy efficiency. In addition to the Roll On Roll Off fleet which was upgraded to increase running efficiency in 2020, in 2021 three additional electric vans have been purchased to replace the previous diesel run vehicles.

A technical assessment of our flue gas treatment facility was undertaken in January 2020 and has identified several recommended improvements that will increase energy and resource efficiency. These recommendations are still being actioned out until 2022.

Gender Pay Gap

The Company has calculated the gender pay gap in the organisation in April 2021.
The mean gender pay gap is: 22%. The mean pay for women is higher.
The median gender pay gap is: 13.8%. The median pay for women is higher.
The mean bonus pay gap is: 22.6%. The mean bonus pay for women is higher.
The median bonus pay gap is: 0%.

The percentage in each pay quartile by gender is:

Quartile	% Males	% Females
Lower quartile	92	8
Lower middle quartile	90.7	9.3
Upper middle quartile	90.8	9.2
Upper quartile	82.6	17.4

Post balance sheet events

On 24 January 2022, a contract to build the UK's most advanced energy recovery facility on the existing EcoPark site in Edmonton was signed between the North London Waste Authority and Acciona – an infrastructure and renewable energy developer.

This agreement limits the life of the current facilities at the EcoPark with an expected end date for the full operation of the existing energy from waste plant in 2026. As a consequence, the directors have conducted an impairment review of the value of assets held by the business and the extent to which these would be recovered through ongoing cashflows.

Following this review, the directors propose to recognise an impairment charge of £31,060,000 for the full value of the fixed assets other than land as of January 2022. A review of spares stock (held on a long term basis for the current plant) has been undertaken and a further impairment charge of £1,953,000 calculated.

Matters covered in the strategic report

As permitted by paragraph 1A of schedule 7 to the Large and Medium Sized Companies and groups (Accounts and Reports) Regulation 2008, certain matters which are required to be disclosed in the Directors Report have been omitted as they are included in the Strategic Report on pages 1 - 3. These matters relate to the principal activity and financial risks.

Disclosure of information to auditor

Each of the persons who are directors at the time when this Directors' Report is approved has confirmed that:

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

Auditor

The auditor, BDO LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board and signed on its behalf by:

Justin Price

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J B Price
Director

Date: 29 July 2022

LondonEnergy Ltd

Independent Auditor's Report to the Members of LondonEnergy Ltd

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Opinion on the financial statements

In our opinion the financial statements:

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

We have audited the financial statements of LondonEnergy Ltd ("the Company") for the year ended 31 December 2021 which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Equity, the Statement of Cash Flows and the notes to the financial statements, 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 Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

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.

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.

LondonEnergy Ltd

Independent Auditor's Report to the Members of LondonEnergy Ltd (continued)

Other information

The directors are responsible for the other information. The other information comprises the information included in the Annual Report and Financial Statements, other than the financial statements and our auditor's report thereon. 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.

Other Companies Act 2006 reporting

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and

- the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

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 the Directors' Report.

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or

- the financial statements are not in agreement with the accounting records and returns; or

- certain disclosures of directors' remuneration specified by law are not made; or

- we have not received all the information and explanations we require for our audit.

Responsibilities of directors

As explained more fully in the Directors' Report, 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.

LondonEnergy Ltd

Independent Auditor's Report to the Members of LondonEnergy Ltd (continued)

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.

Extent to which the audit was 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 gained an understanding of the legal and regulatory framework applicable to the entity and the industry in which it operates, through discussion with management and our knowledge of the industry. We focussed on significant laws and regulations that could give rise to a material misstatement in the financial statements, including, but not limited to, the Companies Act 2006, UK Generally Accepted Accounting Practice, Health and Safety, the Bribery Act 2010 and tax legislations.

We considered compliance with these laws and regulations through discussions with management. Our procedures also included reviewing minutes from board meetings to identify any instances of non-compliance with laws and regulations.

We assessed the susceptibility of the entity's financial statements to material misstatement, including how fraud might occur. In addressing the risk of fraud, including the risk of management override of controls and the risk of fraud in revenue recognition, we performed journals testing based on a set of risk criteria and tested to supporting documentation. We also incorporated unpredictability procedures as part of our response to the risk of management override of controls.

Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that 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, misrepresentations or through collusion. There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we are to become aware of it.

A further description of our responsibilities is available 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.

DocuSigned by:
James Eastell
ACDBBDEF1FD247D...

James Eastell (Senior Statutory Auditor)
For and on behalf of BDO LLP, statutory auditor
London

29 July 2022

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

LondonEnergy Ltd

Statement of Comprehensive Income
For the Year Ended 31 December 2021

	Note	2021 £000	2020 £000
Turnover	4	**62,156**	66,739
Cost of sales		**(55,585)**	(54,029)
Gross profit		**6,571**	12,710
Administrative expenses		**(12,261)**	(9,088)
Exceptional items	13	**-**	8,731
Operating (loss)/profit	5	**(5,690)**	12,353
Interest receivable and similar income	9	**139**	12
Interest payable and similar expenses	10	**(41)**	(24)
Other finance income	11	**25**	44
(Loss)/profit before tax		**(5,567)**	12,385
Tax on (loss)/profit	12	**748**	(808)
(Loss)/profit for the financial year		**(4,819)**	11,577
Other comprehensive (loss)/income for the year			
Actuarial losses on defined benefit pension scheme		**892**	(907)
Pension scheme surplus movement not recognised		**(1,602)**	69
Other comprehensive (loss)/income for the year		**(710)**	(838)
Total comprehensive (loss)/income for the year		**(5,529)**	10,739

The notes on pages 18 to 35 form part of these financial statements.

LondonEnergy Ltd
Registered number: 02732548

Statement of Financial Position
As at 31 December 2021

	Note		2021 £000		2020 £000
Fixed assets					
Tangible assets	14		**41,495**		35,499
Investments	15		**7,000**		-
			48,495		35,499
Current assets					
Stocks	16	**3,435**		3,354	
Debtors: amounts falling due within one year	17	**27,463**		28,974	
Bank and cash balances		**1,286**		19,018	
		32,184		51,346	
Creditors: amounts falling due within one year	18	**(14,843)**		(15,321)	
Net current assets			**17,341**		36,025
Total assets less current liabilities			**65,836**		71,524
Provisions for liabilities					
Deferred tax	19		**(1,918)**		(2,077)
Net assets			**63,918**		69,447
Capital and reserves					
Called up share capital	20		**31,196**		31,196
Share premium account	21		**1,648**		1,648
Profit and loss account	21		**31,074**		36,603
			63,918		69,447

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 29 July 2022.

Justin Price

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J B Price
Director

The notes on pages 18 to 35 form part of these financial statements.

LondonEnergy Ltd

Statement of Changes in Equity
For the Year Ended 31 December 2021

	Called up share capital	Share premium account	Profit and loss account	Total equity
	£000	£000	£000	£000
At 1 January 2020	**31,196**	**1,648**	**25,864**	**58,708**
Comprehensive income for the year				
Profit for the year	-	-	11,577	11,577
Other comprehensive income: movement on pension scheme surplus	-	-	(838)	(838)
Total comprehensive income for the year	-	-	10,739	10,739
At 1 January 2021	**31,196**	**1,648**	**36,603**	**69,447**
Comprehensive loss for the year				
Loss for the year	-	-	(4,819)	(4,819)
Other comprehensive loss: movement on pension scheme surplus	-	-	(710)	(710)
Total comprehensive loss for the year	-	-	(5,529)	(5,529)
At 31 December 2021	**31,196**	**1,648**	**31,074**	**63,918**

The notes on pages 18 to 35 form part of these financial statements.

LondonEnergy Ltd

Statement of Cash Flows
For the Year Ended 31 December 2021

	2021 £000	2020 £000
Cash flows from operating activities		
(Loss)/profit for the financial year	**(4,819)**	11,577
Adjustments for:		
Depreciation of tangible assets	**4,677**	5,284
Gain on disposal of tangible assets	**(72)**	(8,094)
Interest paid	**41**	24
Interest received	**(139)**	(12)
Taxation (credit)/charge	**(748)**	808
Increase in stocks	**(81)**	(401)
Decrease in debtors	**2,194**	244
Decrease/(increase) in amounts owed by group companies	**817**	(7,723)
(Decrease)/increase in creditors	**(1,102)**	3,574
Corporation tax paid	**(286)**	-
Other finance income	**(25)**	(44)
Difference between defined benefit pension costs and cash paid	**(685)**	(794)
Net cash (used in)/generated from operating activities	**(228)**	4,443
Cash flows from investing activities		
Purchase of fixed assets	**(10,701)**	(6,695)
Sale of tangible fixed assets	**100**	8,700
Purchase of fixed asset investments	**(7,000)**	-
Interest received	**139**	12
Net cash (used in)/generated from investing activities	**(17,462)**	2,017
Cash flows from financing activities		
Interest paid	**(42)**	(24)
Net cash used in financing activities	**(42)**	(24)
Net (decrease)/increase in cash and cash equivalents	**(17,732)**	6,436
Cash and cash equivalents at beginning of year	**19,018**	12,582
Cash and cash equivalents at the end of year	**1,286**	19,018

Statement of Cash Flows (continued)
For the Year Ended 31 December 2021

	2021 £000	2020 £000
Cash and cash equivalents at the end of year comprise:		
Cash at bank and in hand	**1,286**	19,018
	1,286	19,018

The notes on pages 18 to 35 form part of these financial statements.

1. General information

These financial statements are presented in Pounds Sterling (GBP), as that is the currency in which the majority of the Company's transactions are denominated. They comprise the financial statements of the Company for the year ended 31 December 2021 and presented to the nearest £'000.

The Company is a United Kingdom company limited by shares. It is both incorporated and domiciled in England and Wales. The address of its registered office is Ecopark, Advent Way, Edmonton, London, N18 3AG.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the Company's accounting policies (see note 3).

Going Concern

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

The directors have prepared cash flow forecasts for at least one year from the date of these financial statements. In preparing these forecasts, the directors have considered the impact of the decommissioning of the existing facility (see note 27) and any future impact arising from COVID-19.

As a result of the directors' assessments, the directors have a reasonable expectation that the Company will be able to meet its liabilities as they fall due and continue in operational existence for the foreseeable future.

2.2 Financial reporting standard 102 - reduced disclosure exemptions

The Company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by the FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland":

- the requirements of Section 4 Statement of Financial Position paragraph 4.12(a)(iv);
- the requirements of Section 11 Financial Instruments paragraphs 11.39 to 11.48A;
- the requirements of Section 12 Other Financial Instruments paragraphs 12.26 to 12.29; and
- the requirements of Section 33 Related Party Disclosures paragraph 33.7.

This information will be included in the consolidated financial statements of North London Waste Authority as at 31 March 2021 and these financial statements may be obtained from http://www.nlwa.gov.uk/.

2. Accounting policies (continued)

2.3 Turnover

Turnover is recognised by the Company in respect of goods and services supplied during the year, exclusive of Value Added Tax. Turnover is recognised when an amount of revenue can be reliably measured and it is probable that future economic benefits will flow to the entity. This will take effect either when waste is delivered by a customer, electricity is exported or operational services are provided.

2.4 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

The Company adds to the carrying amount of an item of fixed assets the cost of replacing part of such an item when that cost is incurred, if the replacement part is expected to provide incremental future benefits to the Company. The carrying amount of the replaced part is derecognised. Repairs and maintenance are charged to profit or loss during the period in which they are incurred.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following basis:

Freehold property	- 5-7% per annum on cost
Plant and machinery	- 6.66-20% per annum on cost
Motor vehicles	- 12.5-25% per annum on cost
Office equipment	- 12.5-25% per annum on cost
Works on freehold land	- 2% per annum on cost
Capital work in progress	- not depreciated until brought into use

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the Statement of Comprehensive Income.

2.5 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment.

Investments in unlisted Company shares, whose market value can be reliably determined, are remeasured to market value at each Statement of Financial Position date. Gains and losses on remeasurement are recognised in the Statement of Comprehensive Income for the period. Where market value cannot be reliably determined, such investments are stated at historic cost less impairment.

Investments in listed company shares are remeasured to market value at each Statement of Financial Position date. Gains and losses on remeasurement are recognised in profit or loss for the period.

2. Accounting policies (continued)

2.6 Stocks

Stocks consist of consumables and are valued at the lower of cost and net realisable value after making due allowance for obsolescence.

2.7 Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

2.8 Cash

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Amounts included within cash and cash equivalents include a total of £Nil (2020 - £Nil) that are placed under letters of credit to third parties that expire within one year of the Statement of Financial Position date.

2.9 Financial instruments

The Company only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in ordinary shares.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade debtors and creditors, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received. However, if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or in case of an out-right short-term loan that is not at market rate, the financial asset or liability is measured, initially at the present value of future cash flows discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost, unless it qualifies as a loan from a director in the case of a small company, or a public benefit entity concessionary loan.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Statement of Comprehensive Income.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate of the recoverable amount, which is an approximation of the amount that the Company would receive for the asset if it were to be sold at the reporting date.

Financial assets and liabilities are offset and the net amount reported in the Statement of Financial Position when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

2. Accounting policies (continued)

2.10 Creditors

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

2.11 Finance costs

Finance costs are charged to the Statement of Comprehensive Income over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

2.12 Operating leases

Rentals paid under operating leases are charged to the Statement of Comprehensive Income on a straight line basis over the lease term.

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight line basis over the lease term, unless another systematic basis is representative of the time pattern of the lessee's benefit from the use of the leased asset.

2.13 Pensions

The Company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity. Once the contributions have been paid the Company has no further payment obligations.

The contributions are recognised as an expense in the Statement of Comprehensive Income when they fall due. Amounts not paid are shown in accruals as a liability in the Statement of Financial Position. The assets of the plan are held separately from the Company in independently administered funds.

The Company operates a defined benefit plan for certain employees. A defined benefit plan defines the pension benefit that the employee will receive on retirement, usually dependent upon several factors including but not limited to age, length of service and remuneration. A defined benefit plan is a pension plan that is not a defined contribution plan.

The liability recognised in the Statement of Financial Position in respect of the defined benefit plan is the present value of the defined benefit obligation at the end of the reporting date less the fair value of plan assets at the reporting date (if any) out of which the obligations are to be settled.

The defined benefit obligation is calculated using the projected unit credit method. Annually the Company engages independent actuaries to calculate the obligation. The present value is determined by discounting the estimated future payments using market yields on high quality corporate bonds that are denominated in sterling and that have terms approximating to the estimated period of the future payments ('discount rate').

2. Accounting policies (continued)

2.13 Pensions (continued)

The fair value of plan assets is measured in accordance with the FRS 102 fair value hierarchy and in accordance with the Company's policy for similarly held assets. This includes the use of appropriate valuation techniques.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to other comprehensive income. These amounts together with the return on plan assets, less amounts included in net interest, are disclosed as 'Remeasurement of net defined benefit liability'.

The cost of the defined benefit plan, recognised in the Statement of Comprehensive Income as employee costs, except where included in the cost of an asset, comprises:

a) the increase in net pension benefit liability arising from employee service during the period; and

b) the cost of plan introductions, benefit changes, curtailments and settlements.

The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is recognised in the Statement of Comprehensive Income as a 'finance expense'.

The defined benefit scheme closed for ongoing contributions on 31 December 2018.

2.14 Interest income

Interest income is recognised in the Statement of Comprehensive Income using the effective interest method.

2.15 Current and deferred taxation

The tax expense for the year comprises deferred tax. Tax is recognised in the Statement of Comprehensive Income except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the Company operates and generates income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Statement of Financial Position date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

2. Accounting policies (continued)

2.16 Exceptional items

Exceptional items are transactions that fall within the ordinary activities of the Company but are presented separately due to their size or incidence.

2.17 Grants received

Government grants received on capital expenditure are initially recognised within deferred income on the Company's statement of financial position and are subsequently recognised in profit or loss on a systematic basis over the useful life of the related capital expenditure.

3. Judgements in applying accounting policies and key sources of estimation uncertainty

In preparing these financial statements, the directors have had to make the following judgements:

- Determine whether leases entered into by the Company either as a lessor or a lessee are operating or finance leases. These decisions depend on an assessment of whether the risks and rewards of ownership have been transferred from the lessor to the lessee on a lease by lease basis.

Other key sources of estimation uncertainty:

- Tangible fixed assets (see note 14)

  Tangible fixed assets, other than freehold land, are depreciated over their useful lives taking into account residual values where appropriate. The actual lives of the assets and residual values are assessed annually and may vary depending on the number of factors. In re-assessing asset lives, factors such as technological innovation, product life cycles and maintenance programmes are taken into account. Residual value assessments consider issues such as future market conditions, the remaining life of the asset and projected disposal values.

- Pension scheme assets/liabilities (see note 23)

  The calculation of the defined benefit pension scheme valuation involves the use of actuarial assumptions.

4. Turnover

The whole of the turnover is attributable to the Company's principal activity.

All turnover arose within the United Kingdom.

LondonEnergy Ltd

Notes to the Financial Statements
For the Year Ended 31 December 2021

5. Operating (loss)/profit

The operating (loss)/profit is stated after charging/(crediting):

	2021 £000	2020 £000
Depreciation of tangible fixed assets	**4,677**	5,284
Amortisation of grants	**-**	(85)
Rent - operating leases	**121**	143
Other operating leases	**1,813**	1,556

6. Auditor's remuneration

	2021 £000	2020 £000
Fees payable to the Company's auditor and its associates for the audit of the Company's annual financial statements	**71**	45

Fees payable to the Company's auditor and its associates in respect of:		
Taxation compliance services	**9**	4
All other services	**4**	6
	13	10

7. Employees

Staff costs, including directors' remuneration, were as follows:

	2021 £000	2020 £000
Wages and salaries	**15,940**	16,041
Social security costs	**1,588**	1,606
Cost of defined contribution scheme	**1,049**	1,073
	18,577	18,720

The average monthly number of employees, including the directors, during the year was as follows:

	2021 No.	2020 No.
Average number of persons employed by the Company	**350**	333

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8. Directors' remuneration

	2021 £000	2020 £000
Directors' emoluments	**476**	984
Company contributions to defined contribution pension schemes	**24**	64
	500	1,048

During the year retirement benefits were accruing to 4 directors (2020 - 5) in respect of defined contribution pension schemes.

The highest paid director received remuneration of £192,978 (2020 - £619,624).

The value of the Company's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £9,248 (2020 - £38,995).

9. Interest receivable

	2021 £000	2020 £000
Interest receivable from group companies	**139**	-
Other interest receivable	**-**	12
	139	12

10. Interest payable and similar expenses

	2021 £000	2020 £000
Loans from group undertakings	**41**	24

11. Other finance income

	2021 £000	2020 £000
Interest income on pension scheme assets	**450**	665
Interest cost on pension scheme liabilities	**(425)**	(621)
	25	44

12. Taxation

	2021 £000	2020 £000
Corporation tax		
Current tax on (losses)/profits for the year	**-**	609
Adjustments in respect of previous periods	**(589)**	-
Total current tax	**(589)**	609
Deferred tax		
Origination and reversal of timing differences	**(771)**	-
Effect of tax rate change on opening balance	**645**	219
Adjustment in respect of previous periods	**(33)**	(20)
Total deferred tax	**(159)**	199
Taxation on (loss)/profit on ordinary activities	**(748)**	808

Factors affecting tax (credit)/charge for the year

The tax assessed for the year is higher than (2020 - lower than) the standard rate of corporation tax in the UK of 19% (2020 - 19%). The differences are explained below:

	2021 £000	2020 £000
(Loss)/profit on ordinary activities before tax	**(5,567)**	12,385
(Loss)/profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2020 - 19%)	**(1,058)**	2,353
Effects of:		
Expenses not deductible for tax purposes	**18**	38
Losses carried forward not recognised	**618**	-
Adjustments to tax charge in respect of previous periods	**(589)**	-
Adjustments to deferred tax in respect of previous periods	**(33)**	(20)
Actuarial losses / (gains) recognised	**169**	(159)
Other permanent differences	**(333)**	(1,623)
Remeasurement of deferred tax for changes in tax rates	**460**	219
Total tax (credit)/charge for the year	**(748)**	808

LondonEnergy Ltd

Notes to the Financial Statements
For the Year Ended 31 December 2021

13. Exceptional items

	2021 £000	2020 £000
Profit on sale of land	-	8,731

14. Tangible fixed assets

	Freehold property £000	Plant and machinery £000	Motor vehicles £000	Office equipment £000	Capital work in progress £000	Total £000
Cost or valuation						
At 1 January 2021	**24,990**	**87,723**	**940**	**7,757**	**7,142**	**128,552**
Additions	**-**	**-**	**-**	**33**	**10,668**	**10,701**
Disposals	**-**	**(782)**	**(138)**	**(177)**	**-**	**(1,097)**
Transfers between classes	**372**	**1,638**	**18**	**188**	**(2,216)**	**-**
At 31 December 2021	**25,362**	**88,579**	**820**	**7,801**	**15,594**	**138,156**
Depreciation						
At 1 January 2021	**19,231**	**69,314**	**768**	**3,740**	**-**	**93,053**
Charge for the year	**573**	**3,096**	**60**	**948**	**-**	**4,677**
Disposals	**-**	**(779)**	**(138)**	**(152)**	**-**	**(1,069)**
At 31 December 2021	**19,804**	**71,631**	**690**	**4,536**	**-**	**96,661**
Net book value						
At 31 December 2021	**5,558**	**16,948**	**130**	**3,265**	**15,594**	**41,495**
At 31 December 2020	5,759	18,409	172	4,017	7,142	35,499

Included in Freehold property is freehold land at a cost of £3,179,000 (2020 - £3,179,000) which is not depreciated.

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Notes to the Financial Statements
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15. Fixed asset investments

	Investments £000
Cost or valuation	
At 1 January 2021	-
Additions	**7,000**
At 31 December 2021	**7,000**

The investment made in the year relates to the Company's investment in Lime Street Insurance Guernsey PCC Limited, a protected cell company whose registered office is Suite 1 North, 1st Floor, Albert House, South Esplanade, St Peter Port, Guernsey, GY1 1AJ. On 31 December 2021 the Company acquired 7,000,000 non-voting cell shares of £1 each.

16. Stocks

	2021 £000	2020 £000
Consumables	**3,435**	3,354

17. Debtors

	2021 £000	2020 £000
Trade debtors	**910**	2,251
Amounts owed by group undertakings	**22,951**	22,889
Other debtors	**668**	259
Prepayments and accrued income	**2,934**	3,575
	27,463	28,974

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Notes to the Financial Statements
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18. Creditors: amounts falling due within one year

	2021 £000	2020 £000
Trade creditors	**3,706**	1,909
Amounts owed to group undertakings	**2,871**	1,992
Corporation tax	**-**	255
Other taxation and social security	**431**	4,591
Other creditors	**187**	168
Accruals and deferred income	**7,648**	6,406
	14,843	15,321

19. Deferred taxation

	2021 £000	2020 £000
At beginning of year	**(2,077)**	(1,878)
Credited to Statement of Comprehensive Income	**159**	(199)
At end of year	**(1,918)**	(2,077)

The provision for deferred taxation is made up as follows:

	2021 £000	2020 £000
Accelerated capital allowances	**(1,918)**	(2,077)

20. Called up share capital

	2021 £000	2020 £000
Allotted, called up and fully paid		
31,195,874 Ordinary shares of £1.00 each	**31,196**	31,196

21. Reserves

Share premium account

The share premium reserve reflects consideration received for shares issued above the nominal value of the shares. There is no restriction on the use of this amount.

Profit and loss account

Profit and loss account represents cumulative profits or losses, net of dividends paid and other adjustments.

22. Capital commitments

At 31 December 2021 the Company had capital commitments as follows:

	2021 £000	2020 £000
Contracted for but not provided in these financial statements	**6,073**	10,169

LondonEnergy Ltd

Notes to the Financial Statements
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23. Pension commitments

The Company's pension arrangements comprise a group personal pension scheme (defined contribution scheme) and a defined benefit scheme. The defined benefit scheme was closed to members' contributions as of 31 December 2018. The most recent actuarial valuation for the defined benefit scheme took place on the 31 December 2019. The Company made additional annual contributions of £586,000 for the years 2020 and 2021. This amount was reviewed in 2021 and the Company propose to pay an additional annual contribution of £710,000 for periods between January 2022 and July 2026 with an annual inflationary increase applied each January.

Defined contribution scheme
During the year the Company made contributions of £1,049,000 (2020 - £1,073,000) to its defined contribution scheme and other personal pension arrangements for employees.

Defined benefit scheme
The LondonWaste Limited pension scheme is a final salary scheme plan that was available to qualifying employees of the Company. The scheme has been closed to new entrants since 2004 and as of 31 December 2018 the scheme was closed to future accrual. As at December 2021, the scheme has an accounting surplus, which the Company has not recognised.

Reconciliation of present value of plan liabilities:

	2021 £000	2020 £000
Reconciliation of present value of plan liabilities		
At the beginning of the year	**(34,541)**	(32,079)
Interest cost	**(425)**	(621)
Actuarial gains/(losses)	**631**	(3,986)
Benefits paid	**1,242**	2,148
Past service cost	**-**	(3)
At the end of the year	**(33,093)**	(34,541)

Reconciliation of present value of plan assets:

	2021 £000	2020 £000
At the beginning of the year	**36,188**	33,795
Interest income	**450**	665
Actuarial gains/(losses)	**261**	3,079
Contributions	**685**	797
Benefits paid	**(1,242)**	(2,148)
At the end of the year	**36,342**	36,188

LondonEnergy Ltd

23. Pension commitments (continued)

Composition of plan assets:

	2021 %	2020 %
Equity	**30**	37
Debt	**63**	56
Other	**7**	7
Total plan assets	**100**	100

The expected return on plan assets is determined by considering the expected returns available on the assets underlying the current investment policy. Expected yields on fixed interest investments are based on gross redemption yields as at the Statement of Financial Position date. Expected returns on equity and property investments reflect long-term real rates of return experienced.

	2021 £000	2020 £000
Fair value of plan assets	**36,342**	36,188
Present value of plan liabilities	**(33,093)**	(34,541)
Less derecognition of surplus	**(3,249)**	(1,647)
Net pension scheme liability	**-**	-

The Company has not recognised the pension surplus as an asset as it does not have the unconditional right to cover the surplus through reduced contributions in the future or through refunds from the plan.

The amounts recognised in profit or loss in respect of the pension scheme are as follows:

	2021 £000	2020 £000
Interest on obligation	**(425)**	(621)
Interest income on plan assets	**450**	665
Total	**25**	44

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Notes to the Financial Statements
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23. Pension commitments (continued)

The net finance income/(cost) on scheme assets and obligations is £25,000 (2020 - £44,000) and is included in other finance income/(costs). All other pension costs are included in cost of sales.

	2021 £000	2020 £000
Analysis of actuarial loss recognised in Other Comprehensive Income		
Actual return less interest income included in net interest income	**261**	3,079
Experience gains and losses arising on the scheme liabilities	**(815)**	540
Changes in assumptions underlying the present value of the scheme liabilities	**1,446**	(4,526)
	892	(907)

Principal actuarial assumptions at the Statement of Financial Position date (expressed as weighted averages):

	2021 %	2020 %
Discount rate at 31 December	**1.85**	1.25
Future salary increases	**0**	0
Future pension increases	**3.35**	3.30

Amounts for the current and previous four periods are as follows:

Defined benefit pension schemes

	2021 £000	2020 £000	2019 £000	2018 £000	2017 £000
Defined benefit obligation	**(33,093)**	(34,541)	(32,079)	(30,912)	(31,448)
Scheme assets	**33,093**	34,541	32,079	30,912	31,448
Surplus	**-**	-	-	-	-
Experience adjustments on scheme liabilities	**(815)**	540	(618)	(301)	(68)
Experience adjustments on scheme assets	**261**	3,079	2,225	(1,491)	1,036
	(554)	**3,619**	**1,607**	**(1,792)**	**968**

24. Commitments under operating leases

At 31 December 2021 the Company had future minimum lease payments due under non-cancellable operating leases for each of the following periods:

	2021 £000	2020 £000
Plant and Machinery		
Not later than 1 year	**2,291**	1,564
Later than 1 year and not later than 5 years	**5,409**	4,183
Later than 5 years	**625**	616
	8,325	6,363

	2021 £000	2020 £000
Land and Buildings		
Not later than 1 year	**226**	125
Later than 1 year and not later than 5 years	**595**	527
	821	652

25. Related party transactions

The Company is 100% owned and controlled by the North London Waste Authority (NLWA). Balances and transactions between the Company and NLWA are not disclosed, as permitted by the exemption contained in Financial Reporting Standard 102 Section 33 'Related Party Disclosures' paragraph 33.11A.

26. Controlling party

The immediate and ultimate parent company is North London Waste Authority, an entity established in the United Kingdom, whose registered office is North London Waste Authority, Berol House, Unit 1B, 25 Ashley Rd, Tottenham, London, N17 9LJ.

The smallest and largest group into which the results of the Company are consolidated is North London Waste Authority. These financial statements are available to the public and may be obtained from the registered office or website at http://www.nlwa.gov.uk/.

27. Post balance sheet events

On 24 January 2022, a contract to build the UK's most advanced energy recovery facility on the existing EcoPark site in Edmonton was signed between the North London Waste Authority and Acciona – an infrastructure and renewable energy developer.

This agreement limits the life of the current facilities at the EcoPark with an expected end date for the full operation of the existing energy from waste plant in 2026. As a consequence, the directors have conducted an impairment review of the value of assets held by the business and the extent to which these would be recovered through ongoing cashflows.

Following this review, the directors propose to recognise an impairment charge of £31,060,000 for the full value of the fixed assets other than land as of January 2022. A review of spares stock (held on a long term basis for the current plant) has been undertaken and a further impairment charge of £1,953,000 calculated.