

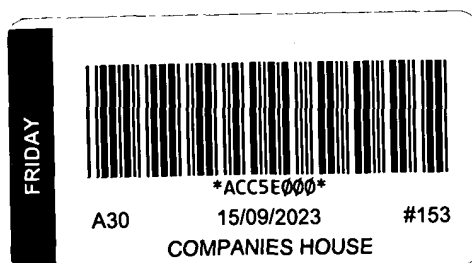
## **LondonEnergy Ltd**

Annual Report and Financial Statements

Year Ended

31 December 2022

Company Number 02732548



# LondonEnergy Ltd

## Company Information

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<b>Directors</b>	D J Lloyd 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 R E Champion M S Coban M G Desmond
<b>Company secretary</b>	K A Pearce
<b>Registered number</b>	02732548
<b>Registered office</b>	Ecopark Advent Way Edmonton London N18 3AG
<b>Independent auditor</b>	BDO LLP 55 Baker Street London W1U 7EU

# LondonEnergy Ltd

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# LondonEnergy Ltd

## Strategic Report For the Year Ended 31 December 2022

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### 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.

In order to continue safely and efficiently managing the waste of North London, LondonEnergy invests significant capital and maintenance effort into prolonging the life of its existing energy from waste plant. Of particular note in 2022 was the commissioning of a fifth turbine and new switch gear. This new equipment combined with ongoing and future planned investments provide increased resilience for the existing facility which is now over 50 years old.

The signing on 24 January 2022 of a contract to build the UK's most advanced energy recovery facility on the existing EcoPark site in Edmonton between the North London Waste Authority and Acciona (an infrastructure and renewable energy developer), provides the solution for the long term upgrade and replacement of the current plant.

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 less than 5 years. Consequently, the Directors have conducted an impairment review for the value of assets held by the business and the likelihood that these would be recovered through ongoing cashflows.

Following this review, the directors have determined that the Company should recognise an impairment charge of £31,348,000 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 an impairment charge of £2,395,000 calculated. As a consequence LondonEnergy has recorded a negative result for 2022 after taking these exceptional charges into account.

Underlying trading earnings for the year were stronger than anticipated as a result of higher energy prices offset by significant inflationary pressures and increasing maintenance costs on the aging plant.

### 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 2022, the scheme has an accounting surplus, which the Company has not recognised.

# **LondonEnergy Ltd**

## **Strategic Report (continued) For the Year Ended 31 December 2022**

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### **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 2024.

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 2022 despite the challenges of managing the ageing plant.

The Statement of Financial Position as at 31 December 2022 remains resilient with cash reserves in excess of £19,000,000 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 investment in the life extension programme, will continue to impact on cash reserves.

# LondonEnergy Ltd

## Strategic Report (continued) For the Year Ended 31 December 2022

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### Analysis using financial key performance indicators

Turnover for the year was £95,594,000 (2021 - £62,156,000) and the loss before tax was £26,317,000 (2021 - loss of £5,567,000). The loss before tax in 2022 included exceptional items of £33,743,000 relating to the impairment of fixed assets and spares stock. Excluding the exceptional costs recognised in the year the business made a profit before taxation of £7,426,000.

The exceptional items were recognised following the agreement to build a new energy recovery facility on the existing EcoPark site. This agreement limits the life of the current facilities at the EcoPark. As a consequence, the directors have conducted an impairment review of the assets held by the business and the extent to which these would be recovered through ongoing cashflows.

The Statement of Financial Position shows that the Company's net assets of £43,456,000 (2021 - £63,918,000) represented a decrease of 32% 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 2022, the amount recycled or converted to electricity totalled 99.6% (2021 - 96.4%).

### 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:

## LondonEnergy Ltd

### Strategic Report (continued) For the Year Ended 31 December 2022

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#### Directors' duties and s172 statement (continued)

##### *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.

The Company was pleased to maintain its Great Place to Work status (one star accreditation) 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 includes 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*

.....  
**J B Price**  
Director

Date: 25 August 2023

# LondonEnergy Ltd

## Directors' Report For the Year Ended 31 December 2022

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The directors present their report and the financial statements for the year ended 31 December 2022.

### 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 period.

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 £19,880,000 (2021 - loss of £4,819,000).

The directors do not recommend the payment of a dividend (2021 - £Nil).

### Directors

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

D J Lloyd  
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 (appointed 27 January 2022)  
R E Champion (appointed 28 July 2022)  
M S Coban (appointed 28 July 2022)  
T L Songini (resigned 30 September 2022)  
U S Taylor (resigned 31 May 2022)  
M G Desmond (appointed 3 May 2023)

## LondonEnergy Ltd

### Directors' Report (continued) For the Year Ended 31 December 2022

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#### **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; through the employee forum, by team briefings, newsletters, 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, was ranked as "One to Watch" in 2021 and has been accredited with 1 star status in 2022.

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.

# LondonEnergy Ltd

## Directors' Report (continued) For the Year Ended 31 December 2022

### Streamlined Energy and Carbon Reporting (SECR) (continued)

The period covered for the purposes of the Streamlined Energy and Carbon Reporting is 1 January 2022 to 31 December 2022 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 and transmission & distribution losses** (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 2022 emission conversion factors developed by DEFRA and BEIS.

#### Results

The following table shows the Company's GHG emissions during the reporting year 1 January 2022 to 31 December 2022.

Element	2022 ('000s kgCO <sub>2</sub> e)	2021 ('000s kgCO <sub>2</sub> e)
<b>Direct emissions (scope 1) - natural gas and diesel consumption</b>	<b>2,633</b>	<b>2,720</b>
<b>Indirect emissions (scope 2) - from purchased electricity</b>	<b>175</b>	<b>362</b>
<b>Total kg CO<sub>2</sub>e (scope 1 &amp; scope 2)</b>	<b>2,808</b>	<b>3,082</b>
Other indirect emissions (scope 3) - business travel and transmission and distribution losses	20	2
<b>Gross Total Emissions</b>	<b>2,828</b>	<b>3,084</b>
<b>Intensity ratio (Gross Emissions): kg of CO<sub>2</sub>e per tonne of waste treated</b>	<b>4.21</b>	<b>4.23</b>
<b>Total energy consumption (kWh)</b>	<b>11,965</b>	<b>12,897</b>

#### Notes:

##### Scope 2:

Electricity meter readings became available for some of the RRC sites in 2022, the energy totals were significantly less than invoiced and/or estimated in 2021.

#### Energy Efficiency Action Taken

The technical assessment of LEL's treatment facility undertaken in 2020 identified several recommended improvements to increase energy and resource efficiency. These recommendations were actioned in 2022 as follows:

Installation of a new ash extraction equipment, allowing a more energy efficient removal of air pollution control residue from the treatment of Flue gas.

New Steam turbine commissioning completed December 2022. This improvement contributes to increasing the resilience of plant and allows the plant operators to conduct maintenance activities on the existing turbines with reduced impact on the energy generation capacity.

Installation of new switchgear with modern protection scheme for safer and more compliant control of HV electrical systems, less faults, and trips on HV systems, reducing losses of energy.

# LondonEnergy Ltd

## Directors' Report (continued) For the Year Ended 31 December 2022

### Gender Pay Gap

The Company has calculated the gender pay gap in the organisation in April 2021.  
The mean gender pay gap is: 37%. The mean pay for women is higher.  
The median gender pay gap is: 1.6%. The median pay for women is higher.  
The mean bonus pay gap is: 14.3%. The mean bonus pay for women is higher.  
The median bonus pay gap is: 33.3%. The median bonus pay for men is higher

The percentage in each pay quartile by gender is:

Quartile	2022		2021	
	%Males	%Females	%Males	%Females
Lower quartile	86.0	14.0	92.0	8.0
Lower middle quartile	88.2	11.8	90.7	9.3
Upper middle quartile	94.2	5.8	90.8	9.2
Upper quartile	80.0	20.0	82.6	17.4

### 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 - 4. 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*

.....  
**J B Price**  
Director

Date: 25 August 2023

# 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 2022 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements of LondonEnergy Ltd ("the Company") for the year ended 31 December 2022 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)**

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#### **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' Responsibilities Statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

## LondonEnergy Ltd

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

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#### **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.

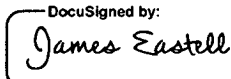
## LondonEnergy Ltd

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

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

Date: 25 August 2023

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 2022

	Note	2022 £000	2021 £000
Turnover	4	95,594	62,156
Cost of sales		(71,893)	(55,585)
<b>Gross profit</b>		<b>23,701</b>	<b>6,571</b>
Administrative expenses		(16,374)	(12,261)
Exceptional items	13	(33,743)	-
<b>Operating loss</b>	5	<b>(26,416)</b>	<b>(5,690)</b>
Interest receivable and similar income	9	33	139
Interest payable and similar expenses	10	-	(41)
Other finance income	11	66	25
<b>Loss before tax</b>		<b>(26,317)</b>	<b>(5,567)</b>
Tax on loss	12	6,437	748
<b>Loss for the financial year</b>		<b>(19,880)</b>	<b>(4,819)</b>
<b>Other comprehensive loss for the year</b>			
Actuarial losses on defined benefit pension scheme	23	(2,725)	892
Pension scheme surplus movement not recognised	23	1,949	(1,602)
Deferred tax included directly in equity	19	194	-
<b>Other comprehensive loss for the year</b>		<b>(582)</b>	<b>(710)</b>
<b>Total comprehensive loss for the year</b>		<b>(20,462)</b>	<b>(5,529)</b>

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 2022**

	Note	2022 £000	2021 £000
<b>Fixed assets</b>			
Tangible assets	14	3,178	41,495
Investments	15	7,000	7,000
		<u>10,178</u>	<u>48,495</u>
<b>Current assets</b>			
Stocks	16	1,594	3,435
Debtors: amounts falling due within one year	17	33,579	27,463
Bank and cash balances		19,094	1,286
		<u>54,267</u>	<u>32,184</u>
Creditors: amounts falling due within one year	18	(20,989)	(14,843)
<b>Net current assets</b>		<u>33,278</u>	<u>17,341</u>
<b>Total assets less current liabilities</b>		<u>43,456</u>	<u>65,836</u>
<b>Provisions for liabilities</b>			
Deferred tax	19	-	(1,918)
<b>Net assets</b>		<u><u>43,456</u></u>	<u><u>63,918</u></u>
<b>Capital and reserves</b>			
Called up share capital	20	31,196	31,196
Share premium account	21	1,648	1,648
Profit and loss account	21	10,612	31,074
<b>Total equity</b>		<u><u>43,456</u></u>	<u><u>63,918</u></u>

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

*Justin Price*

.....  
**J B Price**  
Director

Date: 25 August 2023

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 2022

	Called up share capital £000	Share premium account £000	Profit and loss account £000	Total equity £000
<b>At 1 January 2021</b>	<b>31,196</b>	<b>1,648</b>	<b>36,603</b>	<b>69,447</b>
<b>Comprehensive loss for the year</b>				
Loss for the year	-	-	(4,819)	(4,819)
Other comprehensive loss: movement on pension scheme surplus	-	-	(710)	(710)
<b>Total comprehensive loss for the year</b>	<b>-</b>	<b>-</b>	<b>(5,529)</b>	<b>(5,529)</b>
<b>At 1 January 2022</b>	<b>31,196</b>	<b>1,648</b>	<b>31,074</b>	<b>63,918</b>
<b>Comprehensive loss for the year</b>				
Loss for the year	-	-	(19,880)	(19,880)
Other comprehensive loss: movement on pension scheme surplus	-	-	(776)	(776)
Deferred tax movements	-	-	194	194
<b>Total comprehensive loss for the year</b>	<b>-</b>	<b>-</b>	<b>(20,462)</b>	<b>(20,462)</b>
<b>At 31 December 2022</b>	<b>31,196</b>	<b>1,648</b>	<b>10,612</b>	<b>43,456</b>

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 2022

	2022 £000	2021 £000
<b>Cash flows from operating activities</b>		
Loss for the financial year	(19,880)	(4,819)
<b>Adjustments for:</b>		
Depreciation of tangible assets	-	4,677
Impairment of fixed assets and stock	33,743	-
Gain on disposal of tangible assets	(2)	(72)
Interest paid	-	41
Interest received	(33)	(139)
Taxation credit	(6,437)	(748)
Increase in stocks	(554)	(81)
(Increase)/decrease in debtors	(8,483)	2,194
Decrease in amounts owed by parent undertaking	14,046	817
Increase/(decrease) in creditors	6,146	(1,102)
Corporation tax paid	3	(286)
Other finance income	(66)	(25)
Difference between defined benefit pension cost and cash paid	(710)	(685)
<b>Net cash generated from/(used in) operating activities</b>	<b>17,773</b>	<b>(228)</b>
<b>Cash flows from investing activities</b>		
Purchase of tangible fixed assets	-	(10,701)
Sale of tangible fixed assets	2	100
Purchase of fixed asset investments	-	(7,000)
Interest received	33	139
<b>Net cash generated from/(used in) investing activities</b>	<b>35</b>	<b>(17,462)</b>
<b>Cash flows from financing activities</b>		
Interest paid	-	(42)
<b>Net cash used in financing activities</b>	<b>-</b>	<b>(42)</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>17,808</b>	<b>(17,732)</b>
Cash and cash equivalents at beginning of year	1,286	19,018
<b>Cash and cash equivalents at the end of year</b>	<b>19,094</b>	<b>1,286</b>

LondonEnergy Ltd

Statement of Cash Flows (continued)  
For the Year Ended 31 December 2022

	2022 £000	2021 £000
Cash and cash equivalents at the end of year comprise:		
Cash at bank and in hand	19,094	1,286
	<u>19,094</u>	<u>1,286</u>

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

# LondonEnergy Ltd

## Notes to the Financial Statements For the Year Ended 31 December 2022

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### 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 2022 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 26) 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 2022 and these financial statements may be obtained from <http://www.nlwa.gov.uk/>.

# LondonEnergy Ltd

## Notes to the Financial Statements For the Year Ended 31 December 2022

### 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 the Statement of Comprehensive Income during the year 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 Impairment of fixed assets

Assets that are subject to depreciation or amortisation are assessed at each reporting date to determine whether there is any indication that the assets are impaired. Where there is any indication that an asset may be impaired, the carrying value of the asset (or cash-generating unit to which the asset has been allocated) is tested for impairment. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's (or CGU's) fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (CGUs). Non-financial assets that have been previously impaired are reviewed at each reporting date to assess whether there is any indication that the impairment losses recognised in prior periods may no longer exist or may have decreased.

# LondonEnergy Ltd

## Notes to the Financial Statements For the Year Ended 31 December 2022

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### 2. Accounting policies (continued)

#### 2.6 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 reporting 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 reporting date. Gains and losses on remeasurement are recognised in the Statement of Comprehensive Income for the year.

#### 2.7 Stocks

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

#### 2.8 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.

#### 2.9 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 (2021 - £Nil) that are placed under letters of credit to third parties that expire within one year of the Statement of Financial Position date.

#### 2.10 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.

# LondonEnergy Ltd

## Notes to the Financial Statements For the Year Ended 31 December 2022

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### 2. Accounting policies (continued)

#### 2.10 Financial instruments (continued)

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.

#### 2.11 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.

#### 2.12 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.

#### 2.13 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.

#### 2.14 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.

# LondonEnergy Ltd

## Notes to the Financial Statements For the Year Ended 31 December 2022

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### 2. Accounting policies (continued)

#### 2.13 Pensions (continued)

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').

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.

#### 2.15 Interest income

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

# LondonEnergy Ltd

## Notes to the Financial Statements For the Year Ended 31 December 2022

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### 2. Accounting policies (continued)

#### 2.16 Current and deferred taxation

The tax credit 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 credit 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 reporting 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.

#### 2.17 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.

#### 2.18 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 the Statement of Comprehensive Income on a systematic basis over the useful life of the related capital expenditure.

# LondonEnergy Ltd

## Notes to the Financial Statements For the Year Ended 31 December 2022

### 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. During the year an impairment of £31,348,000 was recorded.

- 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.

### 5. Operating loss

The operating loss is stated after charging:

	2022 £000	2021 £000
Depreciation of tangible fixed assets	-	4,677
Rent - operating leases	131	121
Other operating leases	1,967	1,813

# LondonEnergy Ltd

## Notes to the Financial Statements For the Year Ended 31 December 2022

### 6. Auditor's remuneration

	2022 £000	2021 £000
Fees payable to the Company's auditor and its associates for the audit of the Company's annual financial statements	72	71
<b>Fees payable to the Company's auditor and its associates in respect of:</b>		
Taxation compliance services	11	9
All other services	12	4

### 7. Employees

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

	2022 £000	2021 £000
Wages and salaries	17,620	15,499
Social security	1,858	1,588
Cost of defined contribution scheme	1,160	1,049
Agency staff	1,574	275
Provision for costs relating to transition	1,057	166
	23,269	18,577

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

	2022 No.	2021 No.
Average number of persons employed by the Company	353	350

# LondonEnergy Ltd

## Notes to the Financial Statements For the Year Ended 31 December 2022

### 8. Directors' remuneration

	2022 £000	2021 £000
Directors' emoluments	476	476
Company contributions to defined contribution pension schemes	27	24
	<u>503</u>	<u>500</u>

During the year retirement benefits were accruing to 3 directors (2021 - 4) in respect of defined contribution pension schemes.

The highest paid director received remuneration of £223,000 (2021 - £192,978).

The value of the Company's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £16,000 (2021 - £9,248).

### 9. Interest receivable

	2022 £000	2021 £000
Interest receivable from parent undertaking	<u>33</u>	<u>139</u>

### 10. Interest payable and similar expenses

	2022 £000	2021 £000
Loans from parent undertaking	<u>-</u>	<u>41</u>

### 11. Other finance income

	2022 £000	2021 £000
Interest income on pension scheme assets	667	450
Interest cost on pension scheme liabilities	(601)	(425)
	<u>66</u>	<u>25</u>

# LondonEnergy Ltd

## Notes to the Financial Statements For the Year Ended 31 December 2022

### 12. Taxation

	2022 £000	2021 £000
<b>Corporation tax</b>		
Current tax on losses for the year	-	-
Adjustments in respect of previous periods	(3)	(589)
<b>Total current tax</b>	<b>(3)</b>	<b>(589)</b>
<b>Deferred tax</b>		
Origination and reversal of timing differences	(6,434)	(771)
Effect of tax rate change on opening balance	-	645
Adjustment in respect of previous periods	-	(33)
<b>Total deferred tax</b>	<b>(6,434)</b>	<b>(159)</b>
<b>Taxation on loss on ordinary activities</b>	<b>(6,437)</b>	<b>(748)</b>

#### Factors affecting tax charge/(credit) for the year

The tax assessed for the year is lower than (2021 - higher than) the standard rate of corporation tax in the UK of 19% (2021 - 19%). The differences are explained below:

	2022 £000	2021 £000
Loss on ordinary activities before tax	(26,317)	(5,567)
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2021 - 19%)	(5,000)	(1,058)
<b>Effects of:</b>		
Expenses not deductible for tax purposes	110	18
Losses carried forward not recognised	-	618
Adjustments to tax charge in respect of previous periods	(3)	(589)
Adjustments to deferred tax in respect of previous periods	-	(33)
Actuarial losses recognised	-	169
Other permanent differences	(1,544)	(333)
Remeasurement of deferred tax for changes in tax rates	-	460
<b>Total tax charge/(credit) for the year</b>	<b>(6,437)</b>	<b>(748)</b>

# LondonEnergy Ltd

## Notes to the Financial Statements For the Year Ended 31 December 2022

### 13. Exceptional items

	2022 £000	2021 £000
Impairment of tangible fixed assets	31,348	-
Impairment of stock	2,395	-
	<u>33,743</u>	<u>-</u>

The signing on 24 January 2022 of a contract to build the UK's most advanced energy recovery facility on the existing EcoPark site in Edmonton between the North London Waste Authority and Acciona (an infrastructure and renewable energy developer), provides the solution for the long term upgrade and replacement of the current plant.

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 less than 5 years. Consequently, the Directors have conducted an impairment review for the value of assets held by the business and the likelihood that these would be recovered through ongoing cashflows.

Following this review, the directors have determined that the Company should recognise an impairment charge of £31,348,000 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 an impairment charge of £2,395,000 calculated.

# LondonEnergy Ltd

## Notes to the Financial Statements For the Year Ended 31 December 2022

### 14. Tangible fixed assets

	Freehold property £000	Plant and machinery £000	Motor vehicles £000	Office equipment £000	Capital work in progress £000	Total £000
<b>Cost or valuation</b>						
At 1 January 2022	25,362	88,579	820	7,801	15,594	138,156
Transfers	-	-	-	-	(6,969)	(6,969)
Impairment (see note 13)	(22,184)	(88,579)	(820)	(7,801)	(8,625)	(128,009)
At 31 December 2022	3,178	-	-	-	-	3,178
At 1 January 2022	19,804	71,631	690	4,536	-	96,661
Impairment (see note 13)	(19,804)	(71,631)	(690)	(4,536)	-	(96,661)
At 31 December 2022	-	-	-	-	-	-
<b>Net book value</b>						
At 31 December 2022	3,178	-	-	-	-	3,178
At 31 December 2021	5,558	16,948	130	3,265	15,594	41,495

Included in Freehold property is freehold land at a cost of £3,178,000 (2021 - £3,179,000) which is not depreciated.

During 2022, transfers of assets were made to amounts owed by parent undertaking.

### 15. Fixed asset investments

	Investments £000
<b>Cost or valuation</b>	
At 1 January 2022	7,000
At 31 December 2022	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. During the prior year, the Company acquired 7,000,000 non-voting cell shares of £1 each.

# LondonEnergy Ltd

## Notes to the Financial Statements For the Year Ended 31 December 2022

### 16. Stocks

	2022 £000	2021 £000
Consumables	1,594	3,435

### 17. Debtors

	2022 £000	2021 £000
Trade debtors	1,027	910
Amounts owed by parent undertaking	15,874	22,951
Other debtors	620	668
Prepayments and accrued income	11,348	2,934
Deferred taxation (see note 19)	4,710	-
	33,579	27,463

Amounts owed by parent undertaking are unsecured, interest free and repayable on demand.

### 18. Creditors: amounts falling due within one year

	2022 £000	2021 £000
Trade creditors	3,277	3,706
Amounts owed to parent undertaking	1,730	2,871
Other taxation and social security	2,769	431
Other creditors	269	187
Accruals and deferred income	12,944	7,648
	20,989	14,843

Amounts owed to parent undertaking are unsecured, interest free and repayable on demand.

# LondonEnergy Ltd

## Notes to the Financial Statements For the Year Ended 31 December 2022

### 19. Deferred taxation

	2022 £000	2021 £000
At beginning of year	(1,918)	(2,077)
Credited to Other Comprehensive Income	194	-
Credited to Statement of Comprehensive Income	6,434	159
<b>At end of year</b>	<b>4,710</b>	<b>(1,918)</b>

The deferred taxation balance is made up as follows:

	2022 £000	2021 £000
Accelerated capital allowances	4,710	(1,918)

### 20. Called up share capital

	2022 £000	2021 £000
<b>Allotted, called up and fully paid</b>		
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 2022 the Company had capital commitments as follows:

	2022 £000	2021 £000
Contracted for but not provided in these financial statements	-	6,073

# LondonEnergy Ltd

## Notes to the Financial Statements For the Year Ended 31 December 2022

### 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 paid an annual contribution of £710,000 in 2022 which will apply 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 £1,160,000 (2021 - £1,049,000) to its defined contribution scheme 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 2022, the scheme has an accounting surplus, which the Company has not recognised.

#### Reconciliation of present value of plan liabilities:

	2022 £000	2021 £000
<b>Reconciliation of present value of plan liabilities</b>		
At the beginning of the year	(33,093)	(34,541)
Interest cost	(601)	(425)
Actuarial gains	10,310	631
Benefits paid	1,346	1,242
<b>At the end of the year</b>	<b>(22,038)</b>	<b>(33,093)</b>

#### Reconciliation of present value of plan assets:

	2022 £000	2021 £000
At the beginning of the year	36,342	36,188
Interest income	667	450
Actuarial gains/losses	(13,035)	261
Contributions	710	685
Benefits paid	(1,346)	(1,242)
<b>At the end of the year</b>	<b>23,338</b>	<b>36,342</b>

# LondonEnergy Ltd

## Notes to the Financial Statements For the Year Ended 31 December 2022

### 23. Pension commitments (continued)

Composition of plan assets:

	2022 £000	2021 £000
Equity	30	30
Debt	58	63
Other	12	7
<b>Total plan assets</b>	<b>100</b>	<b>100</b>

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.

	2022 £000	2021 £000
Fair value of plan assets	23,338	36,342
Present value of plan liabilities	(22,038)	(33,093)
Less derecognition of surplus	(1,300)	(3,249)
<b>Net pension scheme liability</b>	<b>-</b>	<b>-</b>

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:

	2022 £000	2021 £000
Interest on obligation	(601)	(425)
Interest income on plan assets	667	450
<b>Total</b>	<b>66</b>	<b>25</b>

# LondonEnergy Ltd

## Notes to the Financial Statements For the Year Ended 31 December 2022

### 23. Pension commitments (continued)

The net finance income/(cost) on scheme assets and obligations is £66,000 (2021 - £25,000) and is included in other finance income/(costs). All other pension costs are included in cost of sales.

	2022 £000	2021 £000
<b>Analysis of actuarial loss recognised in Other Comprehensive Income</b>		
Actual return less interest income included in net interest income	(13,035)	261
Experience gains and losses arising on the scheme liabilities	(1,219)	(815)
Changes in assumptions underlying the present value of the scheme liabilities	11,529	1,446
	<u>(2,725)</u>	<u>892</u>

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

	2022 %	2021 %
Discount rate at 31 December	4.75	1.85
Future salary increases	0	0
Future pension increases	<u>3.15</u>	<u>3.35</u>

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

#### Defined benefit pension schemes

	2022 £000	2021 £000	2020 £000	2019 £000	2018 £000
Defined benefit obligation	(22,038)	(33,093)	(34,541)	(32,079)	(30,912)
Scheme assets	22,038	33,093	34,541	32,079	30,912
<b>Surplus</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Experience adjustments on scheme liabilities	(1,219)	(815)	540	(618)	(301)
Experience adjustments on scheme assets	(13,035)	261	3,079	2,225	(1,491)
	<u>(14,254)</u>	<u>(554)</u>	<u>3,619</u>	<u>1,607</u>	<u>(1,792)</u>

# LondonEnergy Ltd

## Notes to the Financial Statements For the Year Ended 31 December 2022

### 24. Commitments under operating leases

At 31 December 2022 the Company had future minimum lease payments due under non-cancellable operating leases for each of the following periods:

	2022 £000	2021 £000
<b>Plant and Machinery</b>		
Not later than 1 year	1,909	2,291
Later than 1 year and not later than 5 years	4,073	5,409
Later than 5 years	45	625
	<u>6,027</u>	<u>8,325</u>
	2022 £000	2021 £000
<b>Land and Buildings</b>		
Not later than 1 year	252	226
Later than 1 year and not later than 5 years	387	595
	<u>639</u>	<u>821</u>

### 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/>.