Reconomy (UK) Limited

Annual report and consolidated financial statements

Registered number 02951661

For the year ended 31 December 2021

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Strategic report

Business strategy

The principal activity of the Company and Group continues to be the provision of outsourced waste management and recycling services, including the sortation and trading of recycled materials, carried out across all business sectors throughout the UK.

Outsourced waste management and recycling services includes skip hire, consultancy services, equipment hire, earthworks, land remediation, technical services, plasterboard recycling, office recycling solutions and materials supply such as aggregates, concrete and asphalt.

Reconomy offers its customers the opportunity to consolidate their waste streams under one supplier and obtain the cost transparency and savings available by doing so. It also enables customers to save on waste procurement and handling, benefit from industry-leading web-based reporting facilities, achieve high recycling rates and ensure safety and quality standards are met. Reconomy provides its services via a long established, well managed and efficient supply chain network which incorporates both general waste and specialist suppliers across the UK.

Reconomy's mission is to remain the best and largest provider in the UK of outsourced waste management and recycling services. In order to do so, Reconomy has developed a clear set of strategies and objectives. These include:

- Continue to deliver customer and market share growth;
- Build further upon our market leading customer service approach;
- Maintain the Company's leading edge digitisation programme, 'digitalXchange';
- Uphold and continue developing a strong, efficient supply chain;
- Retain our market leading approach to health and safety and regulatory compliance; and
- Continue to improve all financial and non-financial KPI's.

Results

The profit for the year after taxation amounted to £5,465,000 *(2020: £4,425,000)*. This figure is stated after non-underlying costs of £495,000 *(2020: £541,000)* related to post-acquisition restructuring.

Due to the acquisitive nature of the Group's activities and its capital structure the directors primarily use earnings before interest, taxation, depreciation, amortisation and non-underlying items ("EBITDA") to measure performance. EBITDA for the year amounted to £19,207,000 *(2020: £13,440,000)*.

Business review and future developments

2021 proved to be another successful trading period for the Group, with revenues increasing significantly in the year following the easing of lockdown restrictions in some sectors and from key strategic acquisitions.

Turnover increased by 44.5% to £221,930,000 *(2020: £153,571,000)*. EBITDA increased by 42.9% to £19,207,000 *(2020: £13,440,000)* driven by both acquisitions in the year and organic growth.

Acquisitively the Group made a number of additions in the year. On 19 March 2021, the Company completed the acquisition of the whole of the share capital of Eurokey Holdings Limited and principal trading subsidiary Eurokey Recycling Limited ("Eurokey"). Eurokey provides material sortation capabilities as well as increasing the trading of recycled materials within the group, complementing the offering to our commercial customers.

On 1 December 2021, the Company acquired the whole of the share capital of GAE Smith Group Limited and principal trading subsidiaries GAE Smith (Holding) Limited (trading as Casepak) and Oceala Limited, (together "GAE Smith Group"). The acquisition of GAE Smith Group further enhances the processing, sortation and recycled material trading capabilities of the Group.

On 22 December 2021, the Company completed the acquisition of the whole of the share capital of Kingscote Limited (trading as Webbs Training). The acquisition of Kingscote Limited provides the Group with a new offering of the provision of training courses, predominantly to customers in the construction and infrastructure sectors, complementing our offering.

The directors are optimistic that the Group will continue to grow, as in prior years, and acquisitions will continue to feature as a cornerstone of our strategic development.

Strategic report *(continued)*

Business review and future developments *(continued)*

Strategic developments

The Group's continued investment in technology allows the Group to consolidate its market leading customer proposition and relationships with suppliers. This unique approach to technology-enablement and digitisation within the waste and resource management industry has been recognised in 2021 with the prestigious Queen's Award for Enterprise in the innovation category.

Throughout 2021, Reconomy's consumer eCommerce channel, SkipHireUK.co.uk continued to develop well, exceeding annual revenue targets and maintaining high customer satisfaction with an 'excellent' Trustpilot score. Enterprise solutions were also further developed and embedded within the Reconomy.com website with "Punch Out" integration now live with two major construction and utilities contractors, allowing seamless and controlled purchasing with key customer procurement systems.

Reconomy continued its significant investment in technology to drive customer experience, operational excellence and supply chain digitisation. Internal process automation has increased, particularly in the area of document capture and reconciliation. More progress has been made on strategic technology roadmap projects such as the further embedding of Salesforce across the Group to provide a single view of customer activity as well as the launch of new HR information and employee reward systems, digitising our employee experience, personnel processes and providing a greater level of key people data and insight.

Great strides have also been taken in terms of supply chain digitisation. During the year, Reconomy launched digitalXchange, the unique proposition that essentially offers every supplier a method of receiving jobs digitally from Reconomy and allocating it to their teams, then seamlessly transferring the compliance data and documentation back into the Reconomy Portal for presentation to the customer. By the end of 2021, Reconomy had met its target of 50% for the amount of spend with suppliers through digital channels.

Whilst the year has seen an unwelcome pause to our annual Reconomy Supplier Forum due to pandemic constraints, the Group has continued to work very closely with its supply chain in 2021, communicating regularly through the pandemic to ensure service continuity and safe working practices in line with an updated code of conduct. Reconomy held an online seminar for members of its supply chain on the key topic of Modern Slavery, with presentations from expert organisations such as Hope for Justice. The Group has also been able to continue product innovation to address market demands, including an updated earthworks and soil testing proposition and a new closed-loop recycling solution for PPE.

The Group has therefore maintained its clear strategy and vision for improvement, whether focusing on customer service at the front-end of the business or to improve its back-room capabilities, in order to provide the strongest foundations for ongoing customer retention and winning new business well into the future.

The final element of the above strategy is that of sustainability and ESG. Despite the challenges and limitations imposed by the pandemic, Reconomy delivered several positive outcomes through its Reconomy Social Value Programme (RSVP) initiative which focuses on three key areas – bridging gaps for young people leaving care, breaking barriers for hard-to-reach groups of our communities and leading social value change in the waste industry.

Reconomy was shortlisted for Social Value Initiative of the Year at the National Recycling Awards in 2021 for its work in the local community with the Shrewsbury and Telford Hospital Trust. A new Reconomy Environmental Action Plan has also been launched in 2021, with an overarching target of net zero carbon across the Reconomy Group by 2028. The plan includes various initiatives, such as 100% renewable energy and improved biodiversity at Reconomy's offices, development of the electric vehicle fleet and working with key customers and suppliers to deliver zero waste strategies. The company has committed to a full materiality assessment in 2022 to help guide meaningful long-term ESG targets and KPIs.

Strategic report *(continued)*

Key performance indicators

	2021	2020
	£m	£m
Turnover	**221.9**	153.6
Adjusted EBITDA	**19.2**	13.4
Net assets	**130.2**	47.6

Adjusted EBITDA is stated as profit before interest, taxation, depreciation, amortisation, impairment and non-underlying items.

Reconomy also monitors and acts upon on a number of non-financial key performance indicators across all areas of its operations, including customer service, supply chain, health and safety and compliance. The Company has long established non-conformance action plans to identify and address any issues that may arise.

Principal risks and uncertainties

Health and safety

The waste recycling and management sector involves the extensive use of vehicles and heavy equipment. Where such activities are carried out the Group ensures full compliance with health and safety laws and regulations either through regular training, risk assessment, controls and monitoring or through established suppliers subject to rigorous, ongoing audits and assessments. However, in the event of a failure in the application of safety procedures giving rise to injury, claims might arise against the Company, its subsidiaries and/or its directors. The Board and Management take Health and Safety very seriously and are focused on ensuring the highest possible level of safety at every site where the business operates or interacts.

Funding position

The Group has access to a £15 million revolving credit facility at competitive market terms through its bankers which has been subsequently increased to £30 million following the year end. The directors are confident that the funding position available to the Group is adequate to fund the Group's ongoing operational and growth requirements.

The directors have prepared a budget extending to 31 December 2022 supplemented by forecasts for the period to 31 December 2023, and believe that, with the bank facilities in place and the ongoing support of the Group's major shareholders, the Group can continue to operate as a going concern for a period of at least twelve months from the date of the financial statements.

Financial risk management objectives and policies

The main risks arising from the Group's operations are customer risk, credit risk, liquidity risk and interest rate risk. The directors review and agree policies for managing each of these risks and they are summarised below.

The Group makes use of various financial instruments. These include loans, working capital facilities, cash and various items, such as trade debtors and trade creditors that arise directly from its operations. The main purpose of these financial instruments is to maintain finances for the Group's operations.

Customer risk

The Group enjoys a well-diversified client portfolio ranging from large multi-national companies to sole traders and hence carries no material exposure to any one client. The Group does operate in the Housing and Construction markets, which are cyclical. As a result, the Group expanded into new markets such as Infrastructure, Commercial and Industrial Facilities Management to further diversify and offset any potential risk. This has been a successful initiative with impressive growth from a low base in these new markets, whilst its more traditional Housing and Construction customer base has also performed strongly.

The directors believe that, whilst such risks to key markets may materialise again, the Group is well equipped and able to react quickly to market pressures and identify the means to mitigate potential losses.

Credit risk

The Group's principal financial assets are trade debtors. In order to manage credit risk, the directors ensure credit insurance is in place to cover all material customer credit risks. Customers' credit limits are obtained from the credit insurer and are continually reviewed by the credit control team in conjunction with debt ageing and collection history.

Strategic report *(continued)*

Liquidity risk

The Group seeks to manage financial risk by analysing short and medium term cashflow requirements to ensure sufficient liquidity is available to meet foreseeable needs. Additionally, short term flexibility is achieved through a £15m revolving credit facility (increased to £30 million following the year end).

Interest rate risk

During 2021, the Group continued to maintain a variable rate banking facility at competitive market terms.

Employees

The Group is an equal opportunity employer with a clear emphasis given to non-discrimination and non-harassment on the basis of ethnic origin, religion, gender, age, disability and sexual orientation. The Group gives disabled people the same consideration as other individuals. Matters which affect the Group are communicated to employees through formal and informal meetings, internal announcements and regular contact with directors and senior management.

Statement by the Directors in performance of their statutory duties in accordance with s172(1) of the Companies Act 2006

The board of Reconomy (UK) Limited, individually and collectively, consider the interests of their stakeholders as an ongoing priority. We are committed to, and actively encourage, long-term relationships and communication with our stakeholders to maximise the value of our company and its continued success.

During the year we have updated and implemented policies, systems and procedures in line with our responsibilities to our stakeholders.

Employees

We recognise our dedicated workforce as our biggest asset and key to our success. All employees are offered fair benefits reflective of their role within the organisation. We launched a third-party employee support line offering advice on personal wellbeing and financial matters. During the year all colleagues were involved in a successful group engagement scheme to enable them to share their views and voice their feedback on all company matters. We are committed to promoting the awareness of mental health with and for our employees.

Customers

We recognise customer loyalty as invaluable and strive to build solid long-term relationships. We strive to deliver excellent customer service every time and seek innovative solutions to support this. We take pride in learning from our customer feedback.

Suppliers and Partners

We recognise and value the huge role our suppliers and business partners play in our success. We therefore take time to build rapport, working closely with them to maximise value where possible, and in turn supporting the needs of our customers.

Communities

We are at the heart of our communities and recognise our responsibility to be good, supportive and engaged neighbours. Our ethos is to build strong relationships with our local communities, from neighbouring businesses to community groups which we deliver through the Reconomy Social Value Program ("RSVP").

Regulators and Local Government

Developing and sustaining good relationships with the many regulators who govern our business is central to our success. We are committed to adherence to our legal and regulatory requirements. We train our employees using an in-house platform and face-to-face sessions accordingly, to ensure they are both educated and accountable in their role.

Strategic report *(continued)*

Streamlined Energy and Carbon Report

This is a consolidated Report for the Reconomy Group for the year ended 31 December 2021 which incorporates: Reconomy (UK) Limited, Eurokey Limited, Advanced Waste Services Limited, Nationwide Services Group Limited, ACM Environmental Limited, Waste Source Limited, Prismm Limited and Cauda Limited. It does not include the GAE Smith Group or Kingscote Limited, both acquired in December 2021.

Energy Efficiency activities

For most of the year ended 31 December 2021 covered by this report, the Reconomy Group has been managing the business through a global pandemic and UK Government restrictions. Due to these factors, the Reconomy Group has accelerated some business practice plans such as an increase in the use of virtual meeting platforms and flexible working. The car fleet is also transitioning to a lower carbon fleet, with 63% of company cars either hybrid or electric as at 31 December 2021. The company has also invested over £44,000 for 16 EV charging points at head office.

While we do not generate any renewable energy ourselves, we have specified renewables from our main energy supplier, Ecotricity. This Renewable Energy Guarantees of Origin ("REGO") attributed for the Reconomy Group head office, and we have a programme in place for other offices within the Group, that do not already purchase renewable energy, to do so over 2022.

Currently the Reconomy Group does not invest in any carbon offset schemes. Reconomy did however invest over £2,500 in 560 trees, hedgerow whips and shrubs planted at the Head Office in 2021.

CO_2e from business company car travel reduced by 20% against 2020, which was already 56% less than 2019 and electricity use reduced by 24%. The reported intensity in 2020 was 2.12, while this decreased in 2021 to 1.53 representing a 27.8% reduction.

Methodology used

This summary has been prepared in accordance with the requirements of the measure-step of the Toitū carbon marks, which is based on the Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard (2004) and ISO 14064-1:2018 Specification with Guidance at the Organization Level for Quantification and Reporting of Greenhouse Gas Emissions and Removals. Where relevant, the inventory is aligned with industry or sector best practice for emissions measurement and reporting.

Carbon Footprint 2021

	2021	**2020**
Energy consumption used to calculate emissions (kWh)	1,513,458.57	955,270.84
Gas (kWh)	170,614.01	75,399.00
Electricity (kWh)	422,158.10	110,290.00
Transport fuels (kWh)	920,686.46	769,581.84
Emissions from combustion of gas tCO_2e (Scope 1)	31.26	13.01
Emissions from combustion of fuel for transport purposes tCO_2e (Scope 1)	208.88	271.06
Emissions from purchased electricity tCO_2e (Scope 2, location-based)	89.63	28.19
Emissions from business travel in rental cars or employee-owned vehicles where company is responsible for purchasing of the fuel tCO_2e (Scope 3)	9.02	13.92
Total gross emissions tCO_2e based on the above	**338.79**	**326.18**
Total gross emissions from above by unit turnover/revenue (tCO_2e/£M)	1.53	2.12

Strategic report *(continued)*

Intensity matrix

Reconomy has used the standard business metric using turnover to demonstrate how we are decoupling our carbon emissions from our economic growth - a key principle of decarbonising the economy.

Reconomy Group Turnover 2021
338.79 / £221.93m = 1.53

Reconomy Group Turnover 2020
326.18 / £153.57m = 2.12

From 2020 to 2021, the Reconomy Group reduced the intensity of our carbon emissions by 27.8%.

By order of the board

J Sullivan
Director

20 July 2022

Directors' report

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

Principal activities

The principal activity of the Company and Group continues to be the provision of outsourced waste management and recycling services, including the sortation and trading of recycled materials, carried out across all business sectors throughout the UK.

Outsourced waste management and recycling services includes skip hire, consultancy services, equipment hire, earthworks, land remediation, technical services, plasterboard recycling, office recycling solutions and materials supply such as aggregates, concrete and asphalt.

Dividends

Interim dividends totalling £nil were paid during the year *(2020: £nil)*. The directors do not recommend the payment of a final dividend for the year ended 31 December 2021 *(2020: £nil)*.

Directors

The directors who held office during the year and to the date of this report were as follows:

M Benton
P Cox
H Laud
M Nichols
J Sullivan

The directors and officers were insured by third party indemnity insurance during the period.

Political and charitable contributions

Charitable donations are made by the Group towards local and national charities of various natures. There were no political donations made by either the Group or the Company in either year.

Going concern

Notwithstanding net current liabilities of £5,490k as at 31 December 2021 the financial statements have been prepared on a going concern basis which the directors consider to be appropriate for the following reasons.

The Directors have prepared a going concern assessment for the consolidated financial statements of OS Phoenix Midco Limited (Group), of which this sub-group is a member, for a period of at least 12 months from the date of approval of these financial statements, which includes modelling severe but plausible financial scenarios that take into consideration the current economic uncertainties. This indicates that, the Group will have sufficient funds to meet its liabilities as they fall due for that period.

The OS Phoenix Midco Limited Group is funded through a combination of Shareholders' Funds, Secured term loans, Unsecured loan notes, intercompany balances and cash generated through operating profits. On 24 June 2022, the loan facilities were refinanced under normal commercial terms to provide further funding for future growth, with facilities then due for repayment no earlier than 2028.

The Directors are satisfied that the maturity of these financing arrangements is sufficiently long term and there is not an immediate requirement to refinance or review the capital structure at this time. The Directors have considered the impact to the Group by conducting extensive scenario analysis on the Group's profitability, the availability of cash to meet liabilities as they fall due and its compliance with the debt covenant attached to the Secured term loans.

Reconomy (UK) Limited's intermediate parent, OS Phoenix Midco Limited, have provided a letter of support to confirm their intention to continue to operate a centralised Group treasury arrangement, facilitating the Company to enable it to meet its liabilities as they fall due for a period of at least 12 months from the date of these financial statements.

As with any Company placing reliance on other group entities for financial support, the Directors acknowledge that there can be no certainty that this support will continue although, at the date of approval of these financial statements, they have no reason to believe that it will not do so.

Taking the above into consideration, the Directors believe that there are no material uncertainties to the Group's ability to operate as a going concern and to continue realising its assets and discharging its liabilities in the normal course of business.

Directors' report *(continued)*

Going concern *(continued)*

Consequently, the directors are confident that the company will have sufficient funds to continue to meet its liabilities as they fall due for at least 12 months from the date of approval of the financial statements and therefore have prepared the financial statements on a going concern basis.

Disclosure of information to auditor

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the company's auditor is unaware; and each director has taken all the steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information.

Auditor

Pursuant to Section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and KPMG LLP will therefore continue in office.

By order of the board

J Sullivan
Director

Kelsall House
Stafford Court
Stafford Park 1
Telford
Shropshire
TF3 3BD

20 July 2022

Statement of directors' responsibilities in respect of the Strategic report, Directors' report and the financial statements

The directors are responsible for preparing the Annual Report, the Directors' Report and the group and parent company 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 they have elected to prepare the group and parent company financial statements in accordance with UK accounting standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*.

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 group and parent company and of the group's profit or loss for that period. In preparing each of the group and parent company financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and 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;
- assess the group and parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the group or the parent company or to cease operations, or have no realistic alternative but to do so.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the parent company's transactions and disclose with reasonable accuracy at any time the financial position of the parent company and enable them to ensure that its financial statements comply with the Companies Act 2006. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the group and to prevent and detect fraud and other irregularities.

Independent auditor's report to the members of Reconomy (UK) Limited

Opinion

We have audited the financial statements of Reconomy (UK) Limited ("the company") for the year ended 31 December 2021 which comprise the Consolidated profit and loss account, Consolidated balance sheet, Company balance sheet, Consolidated statement of changes in equity, Company statement of changes in equity, Consolidated cash flow statement and related notes, including the accounting policies in note 1.

In our opinion the financial statements:

- give a true and fair view of the state of the group's and of the parent company's affairs as at 31 December 2021 and of the group's profit for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the group in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Going concern

The directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the group or the company or to cease their operations, and as they have concluded that the group and the company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over their ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

In our evaluation of the directors' conclusions, we considered the inherent risks to the group's business model and analysed how those risks might affect the group and company's financial resources or ability to continue operations over the going concern period.

Our conclusions based on this work:

- we consider that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate;
- we have not identified, and concur with the directors' assessment that there is not, a material uncertainty related to events or conditions that, individually or collectively, may cast significant doubt on the group or the company's ability to continue as a going concern for the going concern period.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the above conclusions are not a guarantee that the group or the company will continue in operation.

Fraud and breaches of laws and regulations – ability to detect

Identifying and responding to risks of material misstatement due to fraud

To identify risks of material misstatement due to fraud ("fraud risks") we assessed events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud. Our risk assessment procedures included:

- Enquiring of directors and inspection of policy documentation as to the Group's high-level policies and procedures to prevent and detect fraud, as well as whether they have knowledge of any actual, suspected or alleged fraud.
- Reading Board minutes.
- Considering remuneration incentive schemes and performance targets for management.
- Using analytical procedures to identify any unusual or unexpected relationships.

We communicated identified fraud risks throughout the audit team and remained alert to any indications of fraud throughout the audit.

As required by auditing standards, and taking into account possible pressures to meet profit targets, we perform procedures to address the risk of management override of controls and the risk of fraudulent revenue recognition, in particular the provision of outsourced waste management and recycling services, is recorded in the wrong period and the risk that Group and component management may be in a position to make inappropriate accounting entries.

We did not identify any additional fraud risks.

We performed procedures including:

- Identifying journal entries and other adjustments to test for all full scope components based on risk criteria and comparing the identified entries to supporting documentation. These included those posted to unusual accounts.
- Performing focused testing on revenue recognized around the year end to ensure recognition in the appropriate accounting period.

Identifying and responding to risks of material misstatement due to non-compliance with laws and regulations

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general commercial and sector experience, through discussion with the directors and other management (as required by auditing standards), and from inspection of the Group's regulatory and legal correspondence and discussed with the directors and other management the policies and procedures regarding compliance with laws and regulations.

We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit.

The potential effect of these laws and regulations on the financial statements varies considerably.

Firstly, the Group is subject to laws and regulations that directly affect the financial statements including financial reporting legislation (including related companies legislation), distributable profits legislation and taxation legislation and we assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

Secondly, the Group is subject to many other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements, for instance through the imposition of fines or litigation. We identified the following areas as those most likely to have such an effect: health and safety, data protection laws, anti-bribery and employment law, recognising the nature of the Group's activities. Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the directors and inspection of regulatory and legal correspondence, if any. Therefore if a breach of operational regulations is not disclosed to us or evident from relevant correspondence, an audit will not detect that breach.

Context of the ability of the audit to detect fraud or breaches of law or regulation

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it.

In addition, as with any audit, there remained a higher risk of non-detection of fraud, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. Our audit procedures are designed to detect material misstatement. We are not responsible for preventing non-compliance or fraud and cannot be expected to detect non-compliance with all laws and regulations.

Strategic report and directors' report

The directors are responsible for the strategic report and the directors' report. Our opinion on the financial statements does not cover those reports and we do not express an audit opinion thereon.

Our responsibility is to read the strategic report and the directors' report and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the strategic report and the directors' report;
- in our opinion the information given in those reports for the financial year is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

Matters on which we are required to report by exception

Under the Companies Act 2006, we are required to report to you if, in our opinion:

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

We have nothing to report in these respects.

Directors' responsibilities

As explained more fully in their statement set out on page 9, the directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the group and parent 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 they either intend to liquidate the group or the parent company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities

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 our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

The purpose of our audit work and to whom we owe our responsibilities

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.

Stephen Ward

Stephen Ward (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
One Snowhill
Snow Hill Queensway
Birmingham
B4 6GH

20 July 2022

Consolidated profit and loss account

for the year ended 31 December 2021

	Notes	**2021**	2020
		£000	£000
Turnover	*3*	**221,930**	153,571
Cost of sales		**(180,116)**	(123,379)
Gross profit		**41,814**	30,192
Administrative expenses	*5*	**(34,148)**	(26,740)
Other operating income	*4*	**356**	2,486
Operating profit		**8,022**	5,938
Operating profit before amortisation, depreciation, and non-underlying restructuring costs ("EBITDA")		**19,207**	13,440
Depreciation	*5*	**(1,794)**	(1,389)
Amortisation	*5*	**(8,896)**	(5,572)
Non-underlying restructuring costs	*5*	**(495)**	(541)
Operating profit		**8,022**	5,938
Interest receivable and similar income	*8*	**1**	27
Interest payable and similar charges	*9*	**(596)**	(296)
Profit before taxation		**7,427**	5,669
Taxation	*10*	**(1,962)**	(1,244)
Profit for the financial year		**5,465**	4,425

All results are from continuing operations.

There was no other comprehensive income in the current or preceding year. Comprehensive income comprises the profit for the current and preceding year.

The notes on pages 18 to 36 form part of these financial statements.

Consolidated balance sheet
at 31 December 2021

	Notes	2021		2020	
		£000	£000	£000	£000
Fixed assets					
Intangible assets	*12*		101,199		32,063
Tangible assets	*13*		36,566		4,616
			137,765		36,679
Current assets					
Stock	*14*	2,263		127	
Debtors	*15*	43,957		46,898	
Cash at bank and in hand		18,101		9,375	
		64,321		56,400	
Creditors: amounts falling due within one year	*16*	(69,811)		(43,173)	
Net current assets			(5,490)		13,227
Total assets less current liabilities			132,275		49,906
Creditors: amounts falling due after more than one year	*17*		(1,332)		(2,301)
Provisions for liabilities					
Deferred taxation			(745)		-
Net assets			130,198		47,605
Capital and reserves					
Share capital	*21*		50		50
Share Premium			67,250		-
Profit and loss account			62,898		47,555
Shareholders' funds			130,198		47,605

The notes on pages 18 to 36 form part of these financial statements.

These financial statements were approved by the board of directors on 20 July 2022 and were signed on its behalf by:

J Sullivan
Director

Company registered number: 02951661

Company balance sheet
at 31 December 2021

	Notes	2021		2020	
		£000	£000	£000	£000
Fixed assets					
Investments	*11*		157,838		30,766
Intangible assets	*12*		6,381		7,991
Tangible assets	*13*		1,097		1,524
			165,316		40,281
Current assets					
Debtors	*15*	20,552		37,861	
Cash at bank and in hand		3,767		6,039	
		24,319		43,900	
Creditors: amounts falling due within one year	*16*	(52,580)		(32,911)	
Net current (liabilities)/assets			(28,261)		10,989
Total assets less current liabilities			137,055		51,270
Creditors: amounts falling due after more than one year	*17*		(9)		(22)
Net assets			137,046		51,248
Capital and reserves					
Share capital	*21*		50		50
Share Premium			67,250		-
Profit and loss account			69,746		51,198
Shareholders' funds			137,046		51,248

The notes on pages 18 to 36 form part of these financial statements.

These financial statements were approved by the board of directors on 20 July 2022 and were signed on its behalf by:

J Sullivan
Director

Company registered number: 02951661

Consolidated statement of changes in equity

	Share capital	Share premium account	Profit and loss account	Total equity
	£000	£000	£000	£000
Balance at 1 January 2020	50	-	37,130	37,180
Total comprehensive income for the period				
Profit for the year	-	-	4,425	4,425
Issue of shares at Premium	-	6,000	-	6,000
Capital reduction	-	(6,000)	6,000	-
Balance at 31 December 2020	50	-	47,555	47,605
Balance at 1 January 2021	**50**	-	**47,555**	**47,605**
Total comprehensive income for the period				
Profit for the year	-	-	**5,465**	**5,465**
Issue of shares at Premium	**9,878**	**67,250**	-	**77,128**
Capital reduction	**(9,878)**	-	**9,878**	-
Balance at 31 December 2021	**50**	**67,250**	**62,898**	**130,198**

Company statement of changes in equity

	Share capital	Share premium account	Profit and loss account	Total equity
	£000	£000	£000	£000
Balance at 1 January 2020	50	-	40,537	40,587
Total comprehensive income for the period				
Profit for the year	-	-	4,661	4,661
Issue of shares at Premium	-	6,000	-	6,000
Capital reduction	-	(6,000)	6,000	-
Balance at 31 December 2020	50	-	51,198	51,248
Balance at 1 January 2021	**50**	-	**51,198**	**51,248**
Total comprehensive income for the period				
Profit for the year	-	-	**8,670**	**8,670**
Issue of shares at Premium	**9,878**	**67,250**	-	**77,128**
Capital reduction	**(9,878)**	-	**9,878**	-
Balance at 31 December 2021	**50**	**67,250**	**69,746**	**137,046**

The notes on pages 18 to 36 form part of these financial statements.

Consolidated cash flow statement
for the year ended 31 December 2021

	2021 £000	2020 £000
Cash flows from operating activities		
Profit for the year	**5,465**	4,425
Adjustments for:		
Depreciation, amortisation and impairment	**10,690**	6,961
Interest receivable and similar income	**(1)**	(27)
Interest payable and similar charges	**596**	296
Taxation	**1,962**	1,244
	18,712	12,899
(Increase)/Decrease in stock	**(706)**	30
Decrease/(Increase) in trade and other debtors	**38,636**	(3,195)
Increase/(Decrease) in trade and other creditors	**9,949**	(62)
	66,591	9,672
Tax paid	**(1,965)**	(1,116)
Net cash inflow from operating activities	**64,626**	8,556
Cash flows from investing activities		
Proceeds from sale of tangible fixed assets	**229**	61
Interest received	**1**	27
Acquisition of subsidiary undertakings *(net of cash balances acquired)*	**(122,914)**	(8,523)
Acquisition of tangible fixed assets	**(7,272)**	(770)
Acquisition of intangible fixed assets	**(713)**	-
Net cash outflow from investing activities	**(130,669)**	(9,205)
Cash flows from financing activities		
Net payment of finance lease liabilities	**(252)**	(67)
Finance raised through other borrowings	**-**	478
Repayment of other borrowings	**(1,511)**	(1,774)
Interest paid	**(596)**	(296)
Proceeds from issue of share capital	**77,128**	6,000
Net cash inflow from financing	**74,769**	4,341
Net increase in cash and cash equivalents	**8,726**	3,692
Cash and cash equivalents at 1 January	**9,375**	5,683
Cash and cash equivalents at 31 December	**18,101**	9,375

The notes on pages 18 to 36 form part of these financial statements.

Notes
(forming part of the financial statements)

1 Accounting policies

Reconomy (UK) Limited (the "Company") is a private company incorporated, domiciled and registered in the UK. The registered number is 02951661 and the registered address is Kelsall House, Stafford Court, Stafford Park 1, Telford, Shropshire TF3 3BD.

These Group and parent company financial statements were prepared in accordance with Financial Reporting Standard 102 *The Financial Reporting Standard* applicable in the UK and Republic of Ireland (*"FRS 102"*) and with the requirements of the Companies Act 2006. The presentation currency of these financial statements is sterling. All amounts in the financial statements have been rounded to the nearest £1,000.

The parent company is included in the consolidated financial statements, and is considered to be a qualifying entity under FRS 102 paragraphs 1.8 to 1.12. The following exemptions available under FRS 102 in respect of certain disclosures for the parent company financial statements have been applied:

- No separate parent company Cash flow statement with related notes is included;
- Key Management Personnel compensation has not been included a second time; and
- The disclosures required by FRS 102.11 Basic Financial Instruments and FRS 102.12 Other Financial Instrument Issues in respect of financial instruments not falling within the fair value accounting rules of Paragraph 36(4) of Schedule 1.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements.

Judgements made by the directors, in the application of these accounting policies that have significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are discussed in note 27.

1.1 Measurement convention

The financial statements are prepared on the historical cost basis.

1.2 Going concern

Notwithstanding net current liabilities of £5,490k as at 31 December 2021 the financial statements have been prepared on a going concern basis which the directors consider to be appropriate for the following reasons.

The Directors have prepared a going concern assessment for the consolidated financial statements of OS Phoenix Midco Limited (Group), of which this sub-group is a member, for a period of at least 12 months from the date of approval of these financial statements, which includes modelling severe but plausible financial scenarios that take into consideration the current economic uncertainties. This indicates that, the Group will have sufficient funds to meet its liabilities as they fall due for that period.

The OS Phoenix Midco Limited Group is funded through a combination of Shareholders' Funds, Secured term loans, Unsecured loan notes, intercompany balances and cash generated through operating profits. On 24 June 2022, the loan facilities were refinanced under normal commercial terms to provide further funding for future growth, with facilities then due for repayment no earlier than 2028.

The Directors are satisfied that the maturity of these financing arrangements is sufficiently long term and there is not an immediate requirement to refinance or review the capital structure at this time. The Directors have considered the impact to the Group by conducting extensive scenario analysis on the Group's profitability, the availability of cash to meet liabilities as they fall due and its compliance with the debt covenant attached to the Secured term loans.

Reconomy (UK) Limited's intermediate parent, OS Phoenix Midco Limited, have provided a letter of support to confirm their intention to continue to operate a centralised Group treasury arrangement, facilitating the Company to enable it to meet its liabilities as they fall due for a period of at least 12 months from the date of these financial statements.

As with any Company placing reliance on other group entities for financial support, the Directors acknowledge that there can be no certainty that this support will continue although, at the date of approval of these financial statements, they have no reason to believe that it will not do so.

Taking the above into consideration, the Directors believe that there are no material uncertainties to the Group's ability to operate as a going concern and to continue realising its assets and discharging its liabilities in the normal course of business.

Notes *(continued)*

1 Accounting policies *(continued)*

1.2 Going concern *(continued)*

Consequently, the directors are confident that the company will have sufficient funds to continue to meet its liabilities as they fall due for at least 12 months from the date of approval of the financial statements and therefore have prepared the financial statements on a going concern basis.

1.3 Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiary undertakings made up to 31 December each year. A subsidiary is an entity that is controlled by the parent. The results of subsidiary undertakings are included in the consolidated profit and loss account from the date that control commences until the date that control ceases. Control is established when the Company has the power to govern the operating and financial policies of an entity so as to obtain benefits from its activities. In assessing control, the Group takes into consideration potential voting rights that are currently exercisable.

Under Section 408 of the Companies Act 2006 the Company is exempt from the requirement to present its own profit and loss account. The profit for the financial year of the parent company was £8.7m (*2020: £4.7 million*).

In the parent financial statements, investments in subsidiaries are carried at cost less impairment.

Reconomy (UK) Limited has guaranteed the liabilities of the following subsidiaries in order that they qualify for the exemption from audit under section 479a of the UK Companies Act 2006 in respect of the year ended 31 December 2021.

Company name	Registered number
Eurokey Holdings Limited	12345363
ACM Eco Holdings Limited	10782103

1.4 Related party transactions

As the whole of the Company's voting rights are controlled within the group headed by OS Phoenix Midco Limited, the Company has taken advantage of the exemption contained in FRS 102 and has, therefore, not disclosed transactions or balances with entities which form part of the group (or investees of the group qualifying as related parties). The consolidated financial statements of OS Phoenix Midco Limited, within which this Company is included, can be obtained from Companies House.

1.5 Foreign currency

Transactions in foreign currencies are translated to the Group companies' functional currency at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are retranslated to the functional currency at the foreign exchange rate ruling at that date. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are retranslated to the functional currency at foreign exchange rates ruling at the dates the fair value was determined. Foreign exchange differences arising on translation are recognised in the profit and loss account.

1.6 Classification of financial instruments issued by the company

Following the adoption of FRS 102.22, financial instruments issued by the Company are treated as equity (i.e. forming part of shareholders' funds) only to the extent that they meet the following two conditions:

(a) they include no contractual obligations upon the Company to deliver cash or other financial assets or to exchange financial assets or financial liabilities with another party under conditions that are potentially unfavourable to the Company; and

(b) where the instrument will or may be settled in the Company's own equity instruments, it is either a non-derivative that includes no obligation to deliver a variable number of the Company's own equity instruments or is a derivative that will be settled by the Company's exchanging a fixed amount of cash or other financial assets for a fixed number of its own equity instruments.

To the extent that this definition is not met, the proceeds of issue are classified as a financial liability. Where the instrument so classified takes the legal form of the Company's own shares, the amounts presented in these financial statements for called up share capital and share premium account exclude amounts in relation to those shares.

Notes *(continued)*

1 Accounting policies *(continued)*

1.7 Basic financial instruments

Trade and other debtors / creditors

Trade and other debtors are recognised initially at transaction price less attributable transaction costs. Trade and other creditors are recognised initially at transaction price plus attributable transaction costs. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses in the case of trade debtors. If the arrangement constitutes a financing transaction, for example if payment is deferred beyond normal business terms, then it is measured at the present value of future payments discounted at a market rate of instrument for a similar debt instrument.

Interest-bearing borrowings classified as basic financial instruments

Interest-bearing borrowings are recognised initially at the present value of future payments discounted at a market rate of interest. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost using the effective interest method, less any impairment losses.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits. Bank overdrafts that are repayable on demand and form an integral part of the Company's cash management are included as a component of cash and cash equivalents for the purpose only of the cash flow statement.

1.8 Stocks

Stocks are stated at the lower of cost and either the estimated selling price less costs to complete and sell, or the value in use for consumables. Cost is based on the first-in first-out principle and includes expenditure incurred in acquiring the stocks, production or conversion costs and other costs in bringing them to their existing location and condition.

1.9 Tangible fixed assets

Tangible fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses.

Where parts of an item of tangible fixed assets have different useful lives, they are accounted for as separate items of tangible fixed assets, for example land is treated separately from buildings.

Leases in which the entity assumes substantially all the risks and rewards of ownership of the leased asset are classified as finance leases. All other leases are classified as operating leases. Leased assets acquired by way of finance lease are stated on initial recognition at an amount equal to the lower of their fair value and the present value of the minimum lease payments at inception of the lease, including any incremental costs directly attributable to negotiating and arranging the lease. At initial recognition a finance lease liability is recognised equal to the fair value of the leased asset or, if lower, the present value of the minimum lease payments.

The present value of the minimum lease payments is calculated using the interest rate implicit in the lease. Lease payments are accounted for as described below.

The Group assesses at each reporting date whether tangible fixed assets (including those held under finance lease) are impaired.

Depreciation is charged to the profit and loss account on a straight-line basis over the estimated useful lives of each part of an item of tangible fixed assets. Leased assets are depreciated over the shorter of the lease term and their useful lives. Land is not depreciated. The estimated useful lives are as follows:

Freehold property	-	20 to 50 years straight line
Leasehold improvements	-	5 years straight line, or shorter of the remaining lease life
Plant and machinery	-	5 to 20 years straight line
Motor vehicles	-	4 years straight line
Fixtures and fittings	-	5 to 10 years straight line
Computer equipment	-	3 years straight line
Computer software	-	5 years straight line

Depreciation methods, useful lives and residual values are reviewed if there is an indication of a significant change since last annual reporting date in the pattern by which the Group expects to consume an asset's future economic benefits.

1.10 Intangible fixed assets

Intangible fixed assets are stated at cost less accumulated amortisation and impairment losses. Amortisation is charged to the profit and loss account on a straight-line basis over 5 years.

Notes *(continued)*

1 Accounting policies *(continued)*

1.11 Business combinations

Business combinations are accounted for using the purchase method as at the acquisition date, which is the date on which control is transferred to the entity.

At the acquisition date, the group recognises goodwill as:

- the fair value of the consideration (excluding contingent consideration) transferred; plus
- estimated amount of contingent consideration (see below); plus
- the fair value of the equity instruments issued; plus
- directly attributable transaction costs; less
- the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities and contingent liabilities assumed.

When the excess is negative, this is recognised and separately disclosed on the face of the balance sheet as negative goodwill.

Consideration which is contingent on future events is recognised based on the estimated amount if the contingent consideration is probable and can be measured reliably. Any subsequent changes to the amount are treated as an adjustment to the cost of the acquisition.

1.12 Goodwill

Goodwill

Goodwill is stated at cost less any accumulated amortisation and accumulated impairment losses. Goodwill is allocated to cash-generating units or group of cash-generating units that are expected to benefit from the synergies of the business combination from which it arose.

Amortisation

Amortisation is charged to the profit or loss on a straight-line basis over the estimated useful lives of intangible assets.

Goodwill is amortised on a straight-line basis over its useful life. Goodwill has no residual value. Depending on the underlying circumstances of acquisition and related underlying businesses, the finite useful lives of related goodwill arising are estimated to be between 5 and 10 years at the date of acquisition.

Fair values on acquisition have been calculated based on their net book values at the date of acquisition.

The Company reviews the amortisation period and method when events and circumstances indicate that the useful life may have changed since the last reporting date.

Goodwill and other intangible assets are tested for impairment in accordance with Section 27 Impairment of assets when there is an indication that goodwill or an intangible asset may be impaired.

1.13 Impairment

Financial assets (including trade and other debtors)

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. For financial instruments measured at cost less impairment an impairment is calculated as the difference between its carrying amount and the best estimate of the amount that the Group would receive for the asset if it were to be sold at the reporting date. Interest on the impaired asset continues to be recognised through the unwinding of the discount. Impairment losses are recognised in profit or loss. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

Notes *(continued)*

1 Accounting policies *(continued)*

1.13 Impairment *(continued)*

Non-financial assets

The carrying amounts of the Group's non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit"). The goodwill acquired in a business combination, for the purpose of impairment testing is allocated to cash-generating units, or ("CGU") that are expected to benefit from the synergies of the combination. For the purpose of goodwill impairment testing, if goodwill cannot be allocated to individual CGUs or groups of CGUs on a non-arbitrary basis, the impairment of goodwill is determined using the recoverable amount of the acquired entity in its entirety, or if it has been integrated then the entire entity into which it has been integrated.

An impairment loss is recognised if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the units, and then to reduce the carrying amounts of the other assets in the unit (group of units) on a pro rata basis.

An impairment loss is reversed if and only if the reasons for the impairment have ceased to apply.

Impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

1.14 Turnover

Turnover comprises revenue recognised by the Group in respect of goods and services supplied during the year, exclusive of Value Added Tax, rebates and trade discounts.

Revenue from services provided by the Group is recognised when the Group has performed its obligations and in exchange obtained the right to consideration. Revenue arising from the provision of equipment, as part of a waste management contract provided over a period of time, is recognised on a straight-line basis.

Revenue from the sale of goods is recognised when the significant risks and benefits of ownership of the product have been transferred to the buyer, which may be upon shipment, or the producer being ready for delivery, based on specific contract terms.

ACM Environmental Limited provide full waste management contracts to customers which include the provision of equipment. This arrangement is bundled into the overall value of the contract, though management have determined these to characterise an embedded operating lease, Revenue from the provision of equipment is therefore recognised in line with operating lease accounting outlined in note 1.14.

1.15 Group as a Lessor

When the Group acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease.
To classify each lease, the Company makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then it is an operating lease. As part of this assessment, the Group considers certain indicators such as whether the lease is for the major part of the economic life of the asset. The Group recognises lease payments received under operating leases as income on a straight-line basis over the lease term as part of revenue.

1.16 Expenses

Operating lease

Payments (excluding costs for services and insurance) made under operating leases are recognised in the profit and loss account on a straight-line basis over the term of the lease unless the payments to the lessor are structured to increase in line with expected general inflation; in which case the payments related to the structured increases are recognised as incurred. Lease incentives received are recognised in profit and loss over the term of the lease as an integral part of the total lease expense.

Notes *(continued)*

1 Accounting policies *(continued)*

1.16 Expenses *(continued)*

Finance lease

Minimum lease payments are apportioned between the finance charge and the reduction of the outstanding liability using the rate implicit in the lease. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability. Contingent rents are charged as expenses in the periods in which they are incurred.

Other borrowings

Payments made against other borrowings are apportioned between the finance charge and the reduction of the outstanding liability using the rate implicit in the funding agreement. The finance charge is allocated to each period during the borrowing term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

Interest receivable and Interest payable

Interest receivable and similar income represents the bank and other interest receivable.

Interest payable and similar charges represents bank interest and facility fees payable.

Interest income and interest payable are recognised in profit or loss as they accrue, using the effective interest method. Dividend income is recognised in the profit and loss account on the date the entity's right to receive payments is established. Foreign currency gains and losses are reported on a net basis.

1.17 Employee benefits

Defined contribution plans and other long term employee benefits

A defined contribution plan is a post-employment benefit plan under which the company pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an expense in the profit and loss account in the periods during which services are rendered by employees.

1.18 Government grants

Government grants are included within accruals and deferred income in the balance sheet and credited to the profit and loss account over the expected useful lives of the assets to which they relate or in periods in which the relates costs are incurred. Amounts recognised in the profit and loss account are presented under the heading "Other operating income".

1.19 Taxation

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the profit and loss account except to the extent that it relates to items recognised directly in equity or other comprehensive income, in which case it is recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided on timing differences which arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in the financial statements. The following timing differences are not provided for: differences between accumulated depreciation and tax allowances for the cost of a fixed asset if and when all conditions for retaining the tax allowances have been met; and differences relating to investments in subsidiaries, to the extent that it is not probable that they will reverse in the foreseeable future and the reporting entity is able to control the reversal of the timing difference. Deferred tax is not recognised on permanent differences arising because certain types of income or expense are non-taxable or are disallowable for tax or because certain tax charges or allowances are greater or smaller than the corresponding income or expense.

Deferred tax is provided in respect of the additional tax that will be paid or avoided on differences between the amount at which an asset (other than goodwill) or liability is recognised in a business combination and the corresponding amount that can be deducted or assessed for tax. Goodwill is adjusted by the amount of such deferred tax.

Notes *(continued)*

2 Acquisitions

Eurokey Recycling

On 19 March 2021, the Group acquired all of the issued share capital of Eurokey Holdings Limited, including its principal trading subsidiary Eurokey Recycling Limited ("Eurokey"). The principal activities of Eurokey are the recovery of sorted materials and recycling services. The expected useful life of goodwill stemming from this acquisition is 10 years. Eurokey contributed revenues of £52.1m and net profit of £2.2m during the year.

The acquisition had the following effect on the Group's assets and liabilities:	**Book values**	**Fair value adjustments**	**Recognised values on acquisition**
	£000	**£000**	**£000**
Acquiree's net assets at the acquisition date:			
Tangible fixed assets	4,085	-	4,085
Stock	886	-	886
Trade and other debtors	15,858	-	15,858
Cash	541	-	541
Trade and other creditors	(11,152)	-	(11,152)
Obligations under finance lease agreements	(169)	-	(169)
Deferred tax liability	(119)	-	(119)
Net identifiable assets and liabilities	**9,930**	-	**9,930**

	£000
Total cost of business combination:	
Cash consideration paid	43,849
Costs directly attributable to the business combination	764
Total consideration	**44,613**
Goodwill arising on acquisition	**34,683**

GAE Smith Group

On 1 December 2021, the Group acquired all of the issued share capital of GAE Smith Group Limited and its principal trading subsidiaries, GAE Smith (Holdings) Limited (Trading as Casepak) and Oceala Limited (together "GAE Smith Group"). The principal activities of the GAE Smith Group is factoring, collection and processing of recovered materials. The expected useful life of goodwill stemming from this acquisition is 10 years. GAE Smith Group contributed revenues of £3.5m and net profit of £1.0m during the year.

The acquisition had the following effect on the Group's assets and liabilities:	**Book values**	**Fair value adjustments**	**Recognised values on acquisition**
	£000	**£000**	**£000**
Acquiree's net assets at the acquisition date:			
Tangible fixed assets	22,828	-	22,828
Stock	544	-	544
Trade and other debtors	20,089	-	20,089
Cash	2,943	-	2,943
Trade and other creditors	(6,023)	-	(6,023)
Obligations under finance lease agreements	(353)	-	(353)
Deferred tax liability	(1,161)	-	(1,161)
Net identifiable assets and liabilities	**38,867**	-	**38,867**

	£000
Total cost of business combination:	
Cash consideration paid	78,750
Costs directly attributable to the business combination	868
Total consideration	**79,618**
Goodwill arising on acquisition	**40,751**

Notes *(continued)*

2 Acquisitions *(continued)*

Kingscote

On 22 December 2021, the Group acquired all of the issued share capital of Kingscote Limited ("Kingscote"). The principal activity of Kingscote is the provision of commercial training services. The expected useful life of goodwill stemming from this acquisition is 5 years. Due to the acquisition happening close to the year-end no revenue or net profit was contributed during the year.

The acquisition had the following effect on the Group's assets and liabilities:

	Book values	Fair value adjustments	Recognised values on acquisition
	£000	**£000**	**£000**
Acquiree's net assets at the acquisition date:			
Tangible fixed assets	53	-	53
Trade and other debtors	717	-	717
Cash	674	-	674
Trade and other creditors	(207)	-	(207)
Obligations under finance lease agreements	(8)	-	(8)
Deferred tax liability	(6)	-	(6)
Net identifiable assets and liabilities	**1,223**	-	**1,223**

	£000
Total cost of business combination:	
Cash consideration paid	2,684
Costs directly attributable to the business combination	149
Total consideration	**2,833**
Goodwill arising on acquisition	**1,610**

Acquisitions in the prior year

In the prior year the Group acquired the whole of the issued share capital of the ACM Eco Holdings Limited and its subsidiaries, together ("ACM Group") and Waste Source Limited.

ACM Group contributed revenue of £11.3m and net profit of £43,008 during the prior year.

Waste Source contributed no revenue or profit during the prior year, being acquired in late December.

There have been the following changes to fair values, consideration payable and the effect on goodwill since the last reporting period:

	ACM Group	Waste Source
	£000	**£000**
Goodwill arising on acquisition in last reporting period	8,566	1,641
Changes in contingent consideration payable	-	8
Goodwill arising on acquisition	**8,566**	**1,649**

3 Analysis of turnover

The whole of turnover is attributable to the principal activity of the Group being waste and recycling services and the supply, sortation and trading of materials.

All turnover arose within the United Kingdom.

Notes *(continued)*

4 Other operating income

	2021	2020
	£000	£000
Government grants	**356**	2,486

Government grants relate to amounts received by the Group from the Coronavirus Job Retention Scheme

5 Expenses and auditor's remuneration

Included in profit/loss are the following:	**2021**	2020
	£000	£000
Amortisation of goodwill	**8,846**	5,572
Amortisation of intangible fixed assets	**50**	-
Depreciation of tangible fixed assets	**1,738**	1,340
Depreciation on leased tangible fixed assets	**56**	49
Impairment loss on trade debtors	**231**	359
Operating lease rentals - Plant and machinery	**484**	483
Operating lease rentals - Other operating leases	**351**	432
Non - underlying restructuring costs	**495**	541
Management recharge from parent undertaking – OS Phoenix Bidco Limited	**462**	674

Non-underlying restructuring costs consist of onerous lease costs, office relocation and management restructuring costs.

Auditor's remuneration:

	2021	2020
	£000	£000
Audit of these financial statements	**132**	145
Amounts receivable by the Company's auditor and its associates in respect of:		
Audit of financial statements of subsidiaries of the Company	**180**	125
Taxation compliance services	**65**	65
Tax advisory services	**12**	16
Corporate finance services	**353**	312
	742	663

Auditor's remuneration for OS Phoenix Midco Limited and other intermediate parent undertakings has been borne by the Company and has been included in profit.

6 Staff numbers and costs

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

	Number of employees	
	2021	2020
Management	**26**	22
Sales	**151**	196
Administration	**186**	184
Operations	**90**	33
	453	435

Notes *(continued)*

6 Staff numbers and costs *(continued)*

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

	£000	£000
Wages and salaries	**13,101**	9,557
Social security costs	**1,390**	1,121
Other pension costs	**409**	394
	14,900	11,072

7 Directors' remuneration

	2021	2020
	£000	£000
Remuneration	**1,356**	921
Company pension contributions to defined contribution pension scheme	**60**	52

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

The highest paid director received remuneration of £461,000 *(2020: £226,000)*. The value of the Company's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £26,000 *(2020: £20,000)*.

8 Other interest receivable and similar income

	2021	2020
	£000	£000
Bank interest receivable	**1**	27
	1	27

9 Interest payable and similar charges

	2021	2020
	£000	£000
Other interest payable	**27**	33
Intercompany interest payable	**189**	-
Interest payable on finance leases	**10**	11
Interest payable on other borrowings	**194**	249
Net foreign exchange losses	**176**	3
	596	296

Notes *(continued)*

10 Taxation

Total tax expense recognised in the profit and loss account, other comprehensive income and equity

	2021 £000	2020 £000
UK corporation tax		
Current tax on income for the period	**1,447**	1,246
Adjustments in respect of prior periods	**7**	10
Foreign tax	**584**	-
Total current tax	**2,038**	1,256
Deferred tax		
Origination and reversal of timing differences	**55**	39
Adjustments in respect of prior periods	**(17)**	(5)
Effect of tax rate change	**(114)**	(46)
Total deferred tax *(see note 20)*	**(76)**	(12)
Total tax	**1,962**	1,244

Factors affecting the tax charge for the current period

The tax charge for the period is higher *(2020: higher)* than the standard rate of corporation tax in the UK of 19% *(2020: 19%)*. The differences are explained below:

	2021 £000	2020 £000
Reconciliation of effective tax rate		
Profit on ordinary activities before tax	**7,427**	5,669
Tax using the UK corporation tax rate of 19% *(2020: 19%)*	**1,411**	1,077
Effects of:		
Non-tax deductible amortisation of goodwill	**1,681**	1,059
Expenses not deductible for tax purposes	**248**	23
Depreciation in excess of capital allowances	**(23)**	16
Adjustments in respect of prior periods	**(10)**	5
Transfer pricing adjustments	**(51)**	55
Group relief claimed for £nil consideration	**(1,178)**	(920)
Other tax adjustments, relief and transfers of trade	**(13)**	(25)
Effect of change in tax rate	**(103)**	(46)
Total tax charge included in profit or loss	**1,962**	1,244

Factors that may affect future current and total tax charges

In the 3 March 2021 Budget, it was announced that the UK tax rate will increase from 19% to 25% from 1 April 2023. The deferred tax liability at 31 December 2021 has been calculated at 25% (2020: 19%).

Notes *(continued)*

11 Fixed asset investments

Company

	Investments in subsidiary undertakings £000
Cost	
At beginning of year	39,958
Additions	127,072
At end of year	167,030
Impairment	
At beginning of year	9,192
Charge for year	-
At end of year	9,192
Net book value	
At 31 December 2021	**157,838**
At 31 December 2020	30,766

The following were the principal subsidiary undertakings of the Company at the year end:

Company name	Country of incorporation	% shareholding	Description
Prismm Limited	England & Wales	100%	Waste management and environmental services
Advanced Waste Solutions Limited	England & Wales	100%	Waste management and environmental services
Nationwide Services Group Limited	England & Wales	100%	Waste management and environmental services
ACM Eco Holdings Limited	England & Wales	100%	Intermediate holding company
ACM Environmental Limited*	England & Wales	100%	Waste management and environmental services
Collectmywaste Limited*	England & Wales	100%	Waste management and environmental services
ACM Compaction Technology Limited*	England & Wales	100%	Waste management and environmental services
Waste Source Limited	England & Wales	100%	Waste management and environmental services
Cauda Limited	England & Wales	100%	Waste management and environmental services
Eurokey Holdings Limited	England & Wales	100%	Intermediate holding company
Eurokey Recycling Limited*	England & Wales	100%	Waste management and environmental services
GAE Smith Group Limited	England & Wales	100%	Intermediate holding company
GAE Smith (Holdings) Limited*	England & Wales	100%	Waste management and environmental services
Oceala Limited*	England & Wales	100%	Waste management and environmental services
Kingscote Limited	England & Wales	100%	Provision of commercial training services

* held indirectly

The registered office address of all subsidiary undertakings is Kelsall House, Stafford Court, Stafford Park 1, Telford, Shropshire TF3 3BD.

Notes *(continued)*

12 Intangible fixed assets

	Group			Company		
	Goodwill £000	Software £000	Total £000	Goodwill £000	Software £000	Total £000
Cost						
At beginning of year	57,089	-	57,089	29,041	-	29,041
Reclassification*	-	307	307	-	307	307
Additions	77,052	713	77,765	-	607	607
At end of year	134,141	1,020	135,161	29,041	914	29,955
Amortisation						
At beginning of year	25,027	-	25,027	21,050	-	21,050
Reclassification*	-	39	39	-	39	39
Charge for the year	8,846	50	8,896	2,444	41	2,485
At end of year	33,873	89	33,962	23,494	80	23,574
Net book value						
At 31 December 2021	**100,268**	**931**	**101,199**	**5,547**	**834**	**6,381**
At 31 December 2020	32,062	-	32,062	7,991	-	7,991

*Reclassification of intangible computer software in the year from tangible fixed assets to intangible fixed assets.

13 Tangible fixed assets

Group	Freehold land and buildings £000	Leasehold improvements £000	Plant and machinery £000	Motor vehicles £000	Fixture and fittings £000	Computer equipment £000	Total £000
Cost							
At beginning of year	-	776	3,529	429	459	7,155	12,348
Reclassification*	235	(235)	(109)	-	-	(307)	(416)
Acquired in business combination	14,300	299	11,294	1,031	41	-	26,965
Additions	182	1,116	5,607	100	33	234	7,272
Disposals	-	(16)	(192)	(41)	(79)	(199)	(527)
At end of year	14,717	1,940	20,129	1,519	454	6,883	45,642
Depreciation							
At beginning of year	-	576	898	157	287	5,814	7,732
Reclassification*	95	(95)	(9)	-	-	(39)	(48)
Charge for year	(15)	48	937	198	83	543	1,794
Disposals	-	-	(113)	(12)	(78)	(199)	(402)
At end of year	80	529	1,713	343	292	6,119	9,076
Net book value							
At 31 December 2021	**14,637**	**1,411**	**18,416**	**1,176**	**162**	**764**	**36,566**
At 31 December 2020	-	200	2,631	272	172	1,341	4,616

*Reclassification of 1) Leasehold improvements to Freehold land & buildings, 2) Plant and Machinery held in the prior year to Equipment for resale within Stock, and 3) Intangible computer software from Computer Equipment to intangible fixed assets.

Included within the net book value of tangible fixed assets is £461,392 *(2020: £161,185)* in respect of assets held under finance leases. Depreciation for the year on these assets was £55,635 *(2020: £46,608)*.

Included within cost of sales is depreciation of £414,359 *(2020: £362,099)* in respect of equipment held within plant and machinery.

Notes *(continued)*

13 Tangible fixed assets *(continued)*

Company

	Freehold land and buildings £000	Leasehold improvements £000	Plant and machinery £000	Motor vehicles £000	Fixture and fittings £000	Computer equipment £000	Total £000
Cost							
At beginning of year	-	754	800	99	283	4,878	6,814
Reclassification*	235	(235)	-	-	-	(307)	(307)
Additions	45	3	153	-	14	171	386
Disposals	-	-	(42)	(7)	(74)	(199)	(322)
At end of year	280	522	911	92	223	4,543	6,571
Depreciation							
At beginning of year	-	566	533	60	213	3,918	5,290
Reclassification*	95	(95)	-	-	-	(39)	(39)
Charge for year	(66)	17	238	15	18	304	526
Disposals	-	-	(23)	(7)	(74)	(199)	(303)
At end of year	29	488	748	68	157	3,984	5,474
Net book value							
At 31 December 2021	**251**	**34**	**163**	**24**	**66**	**559**	**1,097**
At 31 December 2020	-	188	267	39	70	960	1,524

*Reclassification of 1) Leasehold improvements to Freehold land & buildings, and 2) intangible computer software in the year from tangible fixed assets to intangible fixed assets.

Included within the net book value of tangible fixed assets is £23,750 *(2020: £38,750)* in respect of assets held under finance leases. Depreciation for the year on these assets was £15,000 *(2020: £15,000)*.

Included within cost of sales is depreciation of £14,660 *(2020: £nil)* in respect of equipment held within plant and machinery.

14 Stock

Group

	2021 £000	2020 £000
Consumables	**443**	127
Stock held for resale	**1,820**	-
	2,263	127

Movements in consumables are recognised within cost of sales. There is no material difference between the balance sheet value of stocks and their replacement cost.

Notes *(continued)*

15 Debtors

	Group		Company	
	2021	2020	**2021**	2020
	£000	£000	**£000**	£000
Due within one year				
Trade debtors	**35,656**	30,364	**16,496**	22,180
Amounts owed by group undertakings	**-**	12,450	**348**	12,450
Other debtors	**440**	194	**50**	130
Corporation tax	**-**	-	**130**	-
Prepayments and accrued income	**7,861**	3,425	**3,377**	2,982
	43,957	46,433	**20,401**	37,742
Due after more than one year				
Deferred tax asset	**-**	465	**151**	119
Aggregate amounts	**43,957**	46,898	**20,552**	37,861

All amounts owed by group undertakings are interest free and repayable on demand.

16 Creditors: amounts falling due within one year

	Group		Company	
	2021	2020	**2021**	2020
	£000	£000	**£000**	£000
Trade creditors	**49,509**	29,436	**21,262**	22,232
Amounts owed to group undertakings	**7,924**	437	**28,575**	3,358
Corporation tax	**1,623**	678	**-**	247
Other taxation and social security	**565**	4,968	**363**	4,299
Other creditors	**1,267**	1,008	**167**	150
Accruals	**7,625**	4,901	**2,200**	2,430
Deferred consideration	**-**	183	**-**	183
Obligations under finance lease agreements	**277**	65	**13**	12
Other borrowings	**1,021**	1,497	**-**	-
	69,811	43,173	**52,580**	32,911

Of the amounts owed to group undertakings, a loan of £6.9m (*2020: £Nil*) is unsecured, bears interest at 1.8% per annum and is repayable on demand. The remaining amounts owed to group undertakings are interest free and repayable on demand.

Notes *(continued)*

17 Creditors: amounts falling due after more than one year

	Group		Company	
	2021	2020	**2021**	2020
	£000	£000	**£000**	£000
Obligations under finance lease agreements	**197**	131	**9**	22
Other borrowings	**1,135**	2,170	**-**	-
	1,332	2,301	**9**	22

Amounts due under finance lease agreements are secured against the assets they relate to and are payable as follows:

	Group		Company	
	2021	2020	**2021**	2020
	£000	£000	**£000**	£000
Less than a year	**277**	65	**13**	12
Between one and five years	**197**	131	**9**	22
	474	196	**22**	34

18 Interest-bearing loans and borrowings

	Group		Company	
	2021	2020	**2021**	2020
	£000	£000	**£000**	£000
Creditors falling due within less than one year				
Finance lease liabilities	**277**	65	**13**	12
Other borrowings	**1,021**	1,497	**-**	-
Amounts owed to group undertakings	**7,002**	-	**7,002**	
	8,300	1,562	**7,015**	12
Creditors falling due more than one year				
Finance lease liabilities	**197**	131	**9**	22
Other borrowings	**1,135**	2,170	**-**	-
	9,632	3,863	**7,024**	34

Group	**Currency**	**Annul Average Nominal interest rate**	**Average Year of maturity**	**Repayment schedule**	**2021 £000**	2020 £000
Finance lease liabilities	Sterling	4.64%	February 2023	Monthly	**474**	196
Other borrowings	Sterling	3.43%	October 2023	Monthly	**2,156**	3,667
Amounts owed to group undertakings	Sterling	1.80%	On demand	On demand	**7,002**	-
					9,632	3,863

Other borrowings relate to finance raised through the sale and repurchase of equipment to a finance company and is secured against the contracted income due from customers regarding the provision of equipment, as per note 24. These financing arrangements bear an annual effective interest rate of between 3.01% and 6.55% on individual equipment, with a weighted average annual effective interest rate of 3.43% for outstanding balances as at 31 December 2021. Both the capital and interest on the other borrowings are repaid either monthly or quarterly depending on individual agreements. The average maturity of the financing arrangements is October 2023, with the final balance repayable in October 2025. The liability represents the present value of the amount repayable to the finance company over the life of the agreements.

Notes *(continued)*

19 Net Debt

The below is an analysis of net debt of the Group from the beginning to the end of the current reporting period:

Group

	Borrowings due within one year £000	Borrowings due after one year £000	Obligations under finance lease liabilities £000	Subtotal £000	Cash and cash equivalents £000	Net debt £000
Net debt analysis						
At beginning of year	(1,497)	(2,170)	(196)	(3,863)	9,375	5,512
Acquired in business combination	-	-	(530)	(530)	4,158	3,628
New finance raised	(7,002)	-	-	(7,002)	-	(7,002)
Cash flows	1,511	-	252	1,763	4,568	6,331
Other non-cash changes	(1,035)	1,035	-	-	-	-
At end of year	**(8,023)**	**(1,135)**	**(474)**	**(9,632)**	**18,101**	**8,469**

20 Deferred taxation

Deferred tax (liability)/asset

	Group £000	Company £000
At beginning of year	465	119
Acquired in business combination *(see note 2)*	(1,286)	-
Deferred tax credit in the profit and loss account	76	32
At end of year	**(745)**	**151**

The deferred taxation (liability)/asset balance is made up as follows:

	Group		Company	
	2021 £000	2020 £000	**2021 £000**	2020 £000
Fixed asset timing differences	**(1,563)**	(206)	**117**	168
Other timing differences	**44**	(46)	**34**	(49)
Losses and other deductions	**774**	717	**-**	-
	(745)	465	**151**	119

21 Share capital

	2021 £000	2020 £000
Allotted, called up and fully paid		
50,200 ordinary shares of £1 each *(2020: 50,200 ordinary shares of £1 each)*	**50**	50

On 19 March 2021 the company issued 9,878,109 ordinary shares of £1 each for £9,878,110 consideration. A capital reduction was subsequently carried out on 16 April 2021, reducing the ordinary shares to 50,000, transferring the balance to the profit and loss reserve.

On 21 December 2021 the company issued 200 ordinary shares of £1 each for £67,250,352 consideration. On 1 February 2022 the Company passed a resolution to cancel the share premium arising, transferring the balance to the profit and loss reserve.

Notes *(continued)*

22 Pension commitments

The Group operates a defined contributions pension scheme for employees. The assets of the scheme are held separately from those of the Group in an independently administered fund. There were outstanding pension contributions of £226,233 *(2020: £151,000)* at the year end.

23 Operating lease commitments

Non-cancellable operating lease rentals are payable as follows:

	Group		Company	
	2021	2020	**2021**	2020
	£000	£000	**£000**	£000
Less than one year	**1,205**	652	**432**	385
Between one and five years	**3,121**	1,459	**536**	766
More than five years	**2,926**	161	**-**	-
	7,252	2,272	**968**	1,151

24 Leases as a lessor

Plant and machinery are provided to customers as part of a full waste management contract and are let under operating leases. The future amounts receivable under non-cancellable leases are as follows:

Group

	2021	2020
	£000	£000
Less than one year	**1,490**	1,764
One to five years	**2,327**	2,167

25 Capital commitments

Contractual commitments to purchase tangible fixed assets at the year-end were £5,780,446 *(2020: £90,000)*

26 Ultimate parent company and parent company of larger group

The Company is a subsidiary undertaking of OS Phoenix Bidco Limited.

At the balance sheet date, OS Phoenix Midco Limited is the parent undertaking of the largest group for which group financial statements have been prepared. These consolidated financial statements are available from Companies House.

The ultimate parent undertaking and controlling party is OS Phoenix Topco Limited (registered in Jersey at 11-15 Seaton Place, St Helier, Jersey JE4 0QH).

Notes *(continued)*

27 Accounting estimates and judgements

The directors do not consider that there have been any key assumptions made concerning the future end other key sources of estimation in certainty at the balance sheet date which may cause material adjustment to the carrying amount of assets or liabilities within the next financial year.

28 Related party transactions

The company has taken advantage of the exemption contained in FRS 102 Section 33.1A from disclosing transactions with entities which are wholly owned part of the group. Only the Directors are considered to be key management personnel. Total remuneration in respect of the individuals is given in note 6.