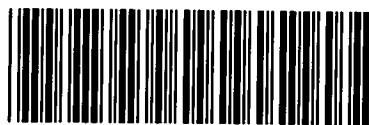


**Company Registration No. 03146731**

**Kent Energy Ltd**

**Annual report and financial statements  
for the year ended 31 December 2022**

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## **Kent Energy Ltd**

### **Annual report and financial statements 2022**

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## **Kent Energy Ltd**

### **Annual report and financial statements 2022**

#### **Officers and professional advisers**

##### **Directors**

P Taylor  
V F Orts-Llopis  
A R Pike

##### **Registered Office**

3 Sidings Court  
White Rose Way  
Doncaster  
DN4 5NU

##### **Independent auditor**

Ernst & Young LLP  
Statutory Auditor  
1 Bridgewater Place  
Water Lane  
Leeds  
LS11 5QR  
United Kingdom

# Kent Energy Ltd

## Strategic report

The Directors present their strategic report on the affairs of Kent Energy Ltd (“the Company”) for the year ended 31 December 2022.

### Overview of Group

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

The Company is a member of a sub-group (“GRP”, “the Group”) which consists of FCC’s five UK based EfW plants (Allington, Eastcroft, Lincoln, Millerhill at Edinburgh & Midlothian and Greatmoor in Buckinghamshire) and their related SPV and holding companies. GRP’s immediate parent, FCC Medio Ambiente Reino Unido SLU (“FCC MARU”), has a 51% stake in the Group. GRP EFW Investments Limited, a company controlled by investment vehicles advised by iCON Infrastructure LLP (collectively “iCON”) holds the other 49%. FCC and iCON have joined together their expertise and resources in providing low carbon energy infrastructure to help the UK meet its net zero ambitions and contribute to a better environmental outlook.

The Board’s overarching strategy headline for our business is “From Waste to Resource”, which comprises four key components:

- Own the Waste
- Maximise the value of resources
- Produce renewable energy
- Provide 360 degree solutions

The Board sees the development of major EfW waste infrastructure projects to support sustainable waste management and strategic long-term partnerships as key to the Group’s future business growth. Energy from Waste is a key component of the UK’s waste and resource strategy for handling and managing residual waste and is a strategy that represents a long term sustainable solution for meeting the Group’s clients’ diversion targets and for reducing our carbon footprint.

### Principal activities

The Company’s principal activity is the financing of its subsidiary undertakings, Kent Enviropower Limited (“KEL”) and WasteNotts (Reclamation) Limited, which operate EfW facilities at Allington and Nottingham respectively.

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

### Business review

The Directors consider that the Company’s business performance remained satisfactory during 2022.

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

Early in 2022, Russia entered a military conflict with Ukraine and this action remains ongoing at the date of approval of the financial statements. The conflict has resulted in elevated levels of political instability and uncertainty across Europe and contributed to significantly higher fuel prices (gas, electricity, and oil derived products) as well as impacting supply chains.

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

## Kent Energy Ltd

### Strategic report

#### Results, dividends, and key performance indicators

The results for the year ended 31 December 2022 are set out on page 16. The Company reported a profit for the year of £10.2million (2021: £15.5million). The decrease is primarily due to lower dividends received from its subsidiary undertakings, which totalled £9.0million (2021: £14.0million). The Company paid an interim dividend of £9.0million during the year (2021: £14.0million). The Directors do not recommend the payment of a final dividend (2021: £nil). There were no other movements in reserves in either the current or prior year.

FCC, the ultimate parent company, manages its operations on a divisional basis and information regarding financial and non-financial key performance indicators is included within the FCC annual report. For this reason, the Company's Directors believe that the disclosure of further key performance indicators for the Company is not appropriate for an understanding of the development, performance, or position of the business. Copies of the FCC annual report can be obtained from the address in note 15.

#### Future developments

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

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

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

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

Due to the increases in energy prices as a result of the Ukraine conflict, the UK government has introduced the Electricity Generator Levy, a 45% tax on exceptional electricity generation receipts. It will apply from 1 January 2023 until 31 March 2028. The effect on the Group will depend on the price per MWh achieved.

#### Principal risks and uncertainties

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

- **Covid-19:** The Group remains aware of the potential for disruption from new variants and is confident that it has appropriate procedures and action plans in place.
- **Environmental risks:** The Group's environmental risks are tightly controlled under environmental legislation enforced principally by the Environment Agency ("EA") and Scottish Environment Protection Agency ("SEPA"). Compliance with all environmental legislation pertinent to the Group's activities is a minimum requirement. A dedicated in-house team prepare regular reports on environmental compliance at the Group's sites for the Board's review. Environmental objectives are reviewed annually and highlighted within the Group's Safety Health Environment and Quality (SHEQ) Policy Statement. In addition to this, there are detailed environmental procedures to enable compliance with environmental legislation.

## Kent Energy Ltd

### Strategic report

#### Principal risks and uncertainties (continued)

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

## Kent Energy Ltd

### Strategic report

#### Principal risks and uncertainties (continued)

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

#### Financial risk management objectives and policies

The Company is exposed to financial risk through its financial assets and liabilities. The most important components of financial risk are interest rate risk, credit risk and liquidity risk all of which the Directors consider relevant due to the nature of the Company's activities and the assets contained within the Company's balance sheet.

##### *Liquidity and credit risk*

The Company's exposure to credit and liquidity risk is reduced as it is a subsidiary of FCC. Credit risk arises from the risk of having credit exposures to third parties, including outstanding receivables. The Directors consider credit risk to be minimal as debtor balances included within the Company's balance sheet consist of amounts due from subsidiaries. Liquidity risk is the risk that the Company will not have sufficient cash resources to meet its commitments. The Company prepares and reviews cash flow forecasts frequently to ensure that it has sufficient resources to meet its cash flow commitments.

##### *Interest rate risk*

The Group's exposure to interest rate risk is managed by using a mix of fixed and variable rate debt. To manage this mix in a cost effective manner, the Group uses interest rate swaps. Full details of the accounting policy in respect of financial instruments are given in note 2 to the financial statements.

#### Going concern

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

Further details regarding the adoption of the going concern basis can be found in Note 2 to the financial statements.

## Kent Energy Ltd

### Strategic report

#### Section 172 Statement

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

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

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

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

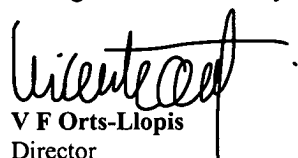
The Group is also subject to the Code of Ethics issued by its parent company FCC which sets out guidelines for conduct including in relation to corruption and bribery.

The Company's main stakeholders are its members and external lenders and other creditors. Open, constructive dialogue with our key stakeholders is critical to inform the Board's decisions. Details of how the Group has engaged with its stakeholders are set out on pages 10-11 of the Directors' report. The Board has overall responsibility for managing relationships with all our stakeholders. Day to day relationships are mainly managed through operations and maintenance contracts with wider FCC Group subsidiary companies.

Operating within the UK's highly regulated waste management market, the Board's regard to the environment as well as the health and safety of all persons entering its sites is of paramount importance. How the Group addresses environmental, and health and safety risk is set out on pages 3-4.

Approved by the Board of Directors

and signed on its behalf by:



V F Orts-Llopis  
Director

15 May 2023



## **Kent Energy Ltd**

### **Directors' report**

The Directors present their report and the audited financial statements the Company for the year ended 31 December 2022. Information on the Company's going concern status, financial risk management policies and dividends are disclosed in the strategic report.

#### **Directors**

The following individuals served as Directors of the Company during the year ended 31 December 2022 and up to the date of this report:

P Taylor  
V F Orts-Llopis  
A R Pike

#### **Directors' indemnities**

During the financial year, qualifying third party indemnity provisions for the benefit of all Directors of the Company were in force and continue to be in force at the date of this report. Such provisions were made by FCC.

#### **Future developments**

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

#### **Statement of Corporate Governance**

GRP is a joint venture with the FCC Group and iCON. We are a leader in the waste recovery sector, helping to shape the policy landscapes, ensuring that our people, systems, and strategy remain innovative and focused on delivering excellence. The directors recognise their responsibilities under Section 172 Companies Act 2006 which places them in a position of trust with regards to broader stakeholder interests when carrying out their duties to promote the success of the company.

For the year ended 31 December 2022, under The Companies (Miscellaneous Reporting) Regulations 2018, the Board has applied the Wates Corporate Governance Principles for Large Private Companies published by the Financial Reporting Council in December 2018 (the "Principles"). These Principles provide a framework for ensuring that the Company is well run, well managed and aligned behind a clear purpose.

We are committed to reducing our reliance on fossil fuels in the UK's fight against climate change. The GRP Board proudly supports the waste industry in driving greater action on carbon emissions which our EfW's are making an important contribution. Together with the business as a whole "Net Zero" has taken front of stage.

Our vision is to create sustainable carbon-neutral communities, working with local and national partners, with consideration for the environment at every stage. Our Eastcroft Energy from Waste (EfW) facility is already part of the largest district heat network in the UK, and by providing more facilities for UK householders to reuse and then recycle, we are making an important contribution to our Net Zero goals.

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

# Kent Energy Ltd

## Directors' report

### Statement of Corporate Governance (continued)

#### Principle 1 – Purpose and Leadership

As one of the UK's most trusted resource and waste management businesses, we are a modern progressive company and pride ourselves on innovation and being part of a huge shift in attitudes and changing operations. As COP26 took place in the UK in 2021, we were able to take stock of our achievements, and recognise the innovation and dedication taking place within our business. GRP is uniquely placed to provide services in an ever changing waste sector, turning our attention to carbon impact, driving reuse at our local authority sites and reducing the carbon associated with our day to day activities.

We are realistic about the materials that are not able to be recycled, and it is our firm belief that recovering the energy from that waste to utilise as heat or for conversion into electricity, is the best option. "Net Zero" has taken front of stage, and we are proud to support the industry in driving greater action on carbon emissions. The heat and electricity generated by our facilities replaces the need for fossil fuels and imported energy, while providing a safe and sustainable disposal route for non-recyclable waste.

We have had a major shift in emphasis in our business strategy, and as one of the few proven alternatives to landfill, general waste can be sent to an EfW facility to generate steam from burning the waste and turning it into electricity that is then used to heat nearby homes and business. The burning of waste and turning it into energy also greatly reduces the reliance on fossil fuels to supply energy needs to nearby homes and businesses.

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

#### Principle 2 – Board Composition

The Board is collectively responsible for promoting the long term success of our business. The Company has three directors, comprising of the Chief Executive Officer and Chief Financial Officer from FCC and one executive director from iCON, enabling an effective composition of the Board, creating clear accountabilities as well as ensuring that it fulfils the strategic needs of the Company.

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

#### Principle 3 – Directors Responsibilities

The Board is committed to reducing our reliance on fossil fuels in the UK's fight against climate change. The Board has placed the recovery of renewable energy at the heart of the strategy of GRP, which is outlined in our Strategic report on page 2.

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

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

We want our company to be shaped by the values we hold and through the people we work with, as we all work together towards the same goal. This starts with how we treat our employees, our colleagues, and our customers. These values are the most important hallmarks of our Group.

Our vision is to be an international reference Employee Services Group that offers global and innovative solutions for the efficient management of resources and the improvement of infrastructures. This will enable us to continue to contribute to improving the quality of life of employees and the sustainable progress of society.

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

## Kent Energy Ltd

### Directors' report

#### Statement of Corporate Governance (continued)

##### Principle 3 – Directors Responsibilities (continued)

The Code of Ethics and Conduct suite provides practical insight into the values shared across the Group and enables a more robust culture of compliance and supporting the creation of long term value for our projects. Supported by our Spanish parent company, the Compliance Committee regularly review our governance protocol and continually seek to improve our Policies and Procedures. Through training and expert guidance, the Committee oversees the Stewardship of the Group, ensuring the highest standards are always maintained.

##### Principle 4 – Opportunity & Risk

In 2020, FCC entered into a new investment partnership with iCON, aimed at fast-tracking investment into our existing Energy from Waste facilities in the UK at Allington, Eastcroft, Greatmoor, Lincoln and Millerhill, along with the potential for new low carbon energy plants. FCC and iCON combine their expertise and resources in providing low carbon energy infrastructure to help the UK meet its net zero ambitions and contribute to a better environmental outlook.

We want to be known as a company that looks after the needs of its customers and the environment. Our focus is to build a reputation for providing sustainable solutions that help clients meet their legislative and corporate responsibility and commercial requirements. To do this, we are placing recycling and green energy at the heart of our business, along with a strong focus on waste management solutions for our commercial, industrial, and municipal customers.

Risk and Opportunity management is a central part of the GRP's strategic management process, providing a platform to ensure that the risks and opportunities attached to the business form part of the activities in achieving GRP's strategic goals. GRP undertakes a number of waste management activities that are exposed to a range of socio-economic settings and regulatory frameworks, meaning it is exposed to both the inherent risks of its activities and those associated within the wider waste industry.

Risk and opportunity management is a culture, process, and structure to identify potential risks that will affect the business or opportunities which could enhance it. The process of risk and opportunity management also provides management with a tool to improve decision making and offers a framework to effectively manage uncertainties, adequately respond to risks and identify opportunities to ensure that values are created, protected, and enhanced.

GRP has a Risk and Opportunities Management Model designed to obtain a reasonable level of security concerning the achievement of strategic and financial objectives, effectiveness and efficiency in operations, compliance with legislation and reliability of information. This Model is based on actions to implement, develop and continuously improve a framework and a structure that integrates the risk and opportunities management process into the organisation's Corporate Governance, the preparation of the strategy and the planning, management and information processes, all the while remaining aligned with the values and the culture of the business.

This process is designed to identify possible events that could affect the organisation's objectives and to manage uncertainty within the accepted level of risk in order to find a balance between growth, profitability and associated risks.

2022 marked the 50th Year of operation for Eastcroft EfW serving the community of Nottingham with a waste disposal service that avoids landfill whilst simultaneously providing a reliable renewable heat source to city residents and businesses via the largest district heating system in the UK. Even at 50 years old, Eastcroft continues to provide reliability in line with the best modern plants thanks to a great design and a great team on site.

##### Principle 5 – Remuneration

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

## **Kent Energy Ltd**

### **Directors' report**

#### **Statement of Corporate Governance (continued)**

##### **Principle 6 – Stakeholders**

All our stakeholders are key to our business success, and the Board is committed to promoting accountability and transparency with all stakeholders. Good governance is essential to fostering effective stakeholder relationships and meaningful engagement. We wish to build honest and enduring relationships, and seek to work with others, who share our ethics in compliance.

The Group operates five EfWs, four of which have visitor centres, with one site alone seeing over 1,500 visitors in 2022.

##### **January 2022**

Allington EfW in Kent announced its investment in water coolers from AquAid which supports the installation of a water well supplying potable water in Zimbabwe. For each mains-fed water cooler installed and each bottle of water purchased, AquAid donate a portion of those sales to The Africa Trust, a charity that builds clean water resources. Through this initiative, AquAid have donated over £800,000 to The Africa Trust, resulting in the supply of safe drinking water to more than two million people.

##### **February 2022**

The Parliamentary Under Secretary of State in the Scotland Office visited our Millerhill Recycling and Energy Recovery Centre. He came to see for himself how waste that cannot be recycled is harnessed for energy. Millerhill's facility is a thermal treatment plant which process up to 160,000 tons of residual non-hazardous waste each year and is part of the City of Edinburgh and Midlothian councils' commitment to reducing the amount of waste being sent to landfill, in line with the Scottish Government's Zero Waste Plan.

##### **March 2022**

The team at Allington EfW rose to the challenge of the current situation in Ukraine by collecting items from clothing, children's toys, blankets and over the counter medical supplies for those in need and raised over £600.

##### **June 2022**

Lincolnshire EfW opened its doors to the community and welcomed almost 900 visitors to the site where they were able to tour the facility and learn hands on through a range of interactive exhibits and touch screen technology, and gain insight into how their waste and recycling was managed. Plant operators worked hard to ensure it was a fun day out for families with face painting, Ab Glass art showing items made from recycled glass and various other local producers and crafters.

##### **July 2022**

The Community Liaison Group for Allington EfW confirmed that it would be supporting three local projects in 2022 as part of its scheme to donate £1,000 annually to give to good causes in the area. The donations were shared amongst a Food Bank and Community Hub scheme, a KS1 tablet scheme for a local primary school and the cost of a Ukulele musician to play at the RBLI Christmas Party/Afternoon tea.

##### **August 2022**

Allington EfW announced that they were opening their door for public tour bookings by schools, further education establishments and all interested parties. The plant tour was designed to promote and inform visitors about the benefits of using waste to produce renewable energy as well as educating about waste reduction, reuse and recycling.

Also in August, Lincolnshire EfW saw a return for their Schools Challenge, first launched in 2021. The LAS Education team posted entry packs out to schools and early years settings across all of Lincolnshire. Ten challenges were revealed, all linked to food, farming, agriculture, the environment, and sustainability. Schools were able to select one or more challenges to complete, which entailed research and practical activities, culminating in a presentation before judges at the Lincolnshire Show.

## **Kent Energy Ltd**

### **Directors' report**

#### **Statement of Corporate Governance (continued)**

##### **Principle 6 – Stakeholders (continued)**

###### **September 2022**

In September, an announcement was made of a collaboration between various parties including the Scottish Government exploring the possibilities of waste heat from Millerhill EfW and other sources including mine workings and sewers being captured with the aim of providing low-carbon heat to 170,000 homes in the Midlothian and Edinburgh region by 2050. As district heating does not rely on fossil fuels and is therefore less affected by the current wholesale energy cost inflation this would secure long term, lower price reliable heat supplies.

###### **October 2022**

Allington EfW plant teamed up with The Men's Mind Project to raise awareness of mental health through a series of six wellbeing seminars held on site. The Men's Mind Project is a locally based volunteer organization which helps others by openly discussing the various types and causes of mental health issues and provide guidance on how to identify this within oneself and others.

Greatmoor EfW Plant unveiled a stunning statue of a Phoenix rising from the flames, which marked a significant operational milestone of processing two million tonnes of non -recyclable waste and celebrating six successful years in operation. In that time, the plant had also welcomed over 5,000 visitors and had engaged over 6,000 children and adults through their community outreach programme.

###### **November 2022**

Allington EfW took time out from their day jobs to join pupils at a local girls' grammar school as part of their Careers Event. The pupils really engaged with the team and enjoyed using the thermal imaging cameras, and it was hoped that some of the girls were inspired to consider pursuing a career in engineering in the environmental sector.

Also in November, as part of efforts to increase safety in the tipping hall, Allington EfW installed an array of blue and red marker lights which provide lane demarcation for the tipping lanes, and a traffic light system to signal drivers to co-ordinate movements. The synchronised vehicle movements ensure everyone stays safe and well.

## Kent Energy Ltd

### Directors' report

#### Directors' responsibilities statement

The Directors are responsible for preparing the Annual report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including Financial Reporting Standard 101 'Reduced Disclosure Framework' ("FRS 101").

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

- select suitable accounting policies in accordance with IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors* and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- provide additional disclosures when compliance with the specific requirements in FRS 101 is insufficient to enable users to understand the impact of particular transactions, other events and conditions on the company financial position and financial performance;
- state whether applicable UK Accounting Standards, including FRS 101, have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

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

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

#### Disclosure of information to the auditor

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

This confirmation is given and should be interpreted in accordance with the provisions of section 418 of the Companies Act 2006 ("the Act").

Approved by the Board of Directors

and signed on its behalf by:

  
V F Orts-Llopis  
Director

15 May 2023

## **Kent Energy Ltd**

### **Independent auditor's report to the members of Kent Energy Ltd**

#### **Opinion**

We have audited the financial statements of Kent Energy Ltd for the year ended 31 December 2022 which comprise the Statement of comprehensive income, the Balance sheet, the Statement of changes in equity and the related notes 1 to 15, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards including FRS 101 "Reduced Disclosure Framework" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the company's affairs as at 31 December 2022 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

#### **Basis for opinion**

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

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

#### **Conclusions relating to going concern**

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

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for the period ending 30 September 2024 from when the financial statements are authorised for issue.

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

#### **Other information**

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

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

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

We have nothing to report in this regard.

## **Kent Energy Ltd**

### **Independent auditor's report to the members of Kent Energy Ltd**

#### **Opinions on other matters prescribed by the Companies Act 2006**

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

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and directors' report have been prepared in accordance with applicable legal requirements.

#### **Matters on which we are required to report by exception**

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

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

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

#### **Responsibilities of directors**

As explained more fully in the directors' responsibilities statement set out on page 12, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

#### **Auditor's responsibilities for the audit of the financial statements**

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



## Kent Energy Ltd

### Independent auditor's report to the members of Kent Energy Ltd

#### *Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud*

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect irregularities, including fraud. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below. However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the entity and management.

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the company and determined that the most significant are those that relate to the reporting framework including, United Kingdom Accounting Standards including FRS 101 "Reduced Disclosure Framework" (United Kingdom Generally Accepted Accounting Practice) and the Companies Act 2006 and the relevant tax compliance regulations in the UK. The Company also has to comply with general data protection regulations ('GDPR'), Health & Safety at Work Act, EU Directive on the Landfill of Waste, Environmental Permitting (England and Wales) Regulations, Employment Rights Act, Landfill Tax Regulations and Environmental Regulations.
- We understood how Kent Energy Ltd is complying with those frameworks by making enquiries of management to understand how the Company maintains and communicates its policies and procedures in these areas. We corroborated this by reviewing supporting documentation to validate that the Company has a process for monitoring legal requirements and has a process for reporting matters of non-compliance and taking appropriate action.
- We assessed the susceptibility of the company's financial statements to material misstatement, including how fraud might occur by gaining an understanding of the Company's policies and making enquiries of management and those charged with governance. We also used data analytics and obtained the entire population of journals for the year, identifying the specific transactions for further investigation based on certain risk criteria. We understood the items identified for testing and agreed them to source documentation.
- Based on this understanding we designed our audit procedures to identify noncompliance with such laws and regulations. Our procedures involved, enquiry of management and those charged with governance as to any fraud identified or suspected in the period or any actual or potential litigation or claims or breaches of significant laws or regulations applicable to the Company, auditing the risk of management override of controls through enquiry of management as well as testing of a sample of journal entries based on certain risk criteria, challenging the judgements made by management through corroborating the basis for those judgments and considering contradicting evidence and reading financial statement disclosures and testing to supporting documentation to assess compliance with applicable laws and regulations.

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

#### **Use of our report**

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

DS  
Ernst & Young LLP

Richard Lingwood (Senior statutory auditor)  
for and on behalf of Ernst & Young LLP, Statutory Auditor  
Leeds  
15 May 2023

## Kent Energy Ltd

### Statement of comprehensive income For the year ended 31 December 2022

|   | Notes | 2022<br>£'000 | 2021<br>£'000 |
|---|-------|---------------|---------------|
| <b>Operating result</b>                                   |       | -             | -             |
| Investment income from subsidiary undertakings            |       | 9,000         | 14,000        |
| Finance income on loan to subsidiary undertaking          |       | 1,625         | 2,151         |
| Finance expense on loan from immediate parent undertaking |       | (148)         | (347)         |
| <b>Profit before tax</b>                                  | 4     | <b>10,477</b> | 15,804        |
| Tax on profit   | 6     | (281)         | (343)         |
| <b>Profit for the year</b>                                |       | <b>10,196</b> | 15,461        |
| Other comprehensive result for the year                   |       | -             | -             |
| <b>Total comprehensive income for the year</b>            |       | <b>10,196</b> | 15,461        |

The notes on pages 19 to 25 are an integral part of these financial statements.

**Kent Energy Ltd****Balance sheet  
As at 31 December 2022**

|                                     | Note | £'000  | 2022<br>£'000 | £'000  | 2021<br>£'000 |
|-------------------------------------|------|--------|---------------|--------|---------------|
| <b>ASSETS</b>                       |      |        |               |        |               |
| <b>Non-current assets</b>           |      |        |               |        |               |
| Investments                         | 7    | 36,165 |               | 36,165 |               |
| Trade and other receivables         | 8    | 9,863  |               | 15,000 |               |
| <b>TOTAL ASSETS</b>                 |      |        | <b>46,028</b> |        | <b>51,165</b> |
| <b>EQUITY AND LIABILITIES</b>       |      |        |               |        |               |
| Issued share capital                | 11   | 200    |               | 200    |               |
| Retained earnings                   |      | 8,562  |               | 7,366  |               |
| <b>Total equity</b>                 |      |        | <b>8,762</b>  |        | <b>7,566</b>  |
| <b>Non-current liabilities</b>      |      |        |               |        |               |
| Loans and borrowings                | 10   |        | -             |        | 6,609         |
| <b>Current liabilities</b>          |      |        |               |        |               |
| Trade and other payables            | 9    |        | 37,266        |        | 36,990        |
| <b>Total liabilities</b>            |      |        | <b>37,266</b> |        | <b>43,599</b> |
| <b>TOTAL EQUITY AND LIABILITIES</b> |      |        | <b>46,028</b> |        | <b>51,165</b> |

The notes on pages 19 to 25 are an integral part of these financial statements.

The financial statements of Kent Energy Ltd, registered number 03146731 were approved by the Board of Directors and authorised for issue on 15 May 2023. They were signed on its behalf by:

  
V F Orts-Llopis  
Director

**Kent Energy Ltd****Statement of changes in equity  
For the year ended 31 December 2022**

|  | <b>Share<br/>capital<br/>£'000</b> | <b>Retained<br/>earnings<br/>£'000</b> | <b>Total<br/>£'000</b> |
|--|------------------------------------|--|------------------------|
| <b>At 1 January 2022</b>                           | 200                                | 7,366                                  | 7,566                  |
| Profit for the year and total comprehensive income | -                                  | 10,196                                 | 10,196                 |
| Interim dividend paid (note 12)                    | -                                  | (9,000)                                | (9,000)                |
| <b>At 31 December 2022</b>                         | <b>200</b>                         | <b>8,562</b>                           | <b>8,762</b>           |
| <b>At 1 January 2021</b>                           | 200                                | 5,905                                  | 6,105                  |
| Profit for the year and total comprehensive income | -                                  | 15,461                                 | 15,461                 |
| Interim dividend paid (note 12)                    | -                                  | (14,000)                               | (14,000)               |
| <b>At 31 December 2021</b>                         | <b>200</b>                         | <b>7,366</b>                           | <b>7,566</b>           |

## Kent Energy Ltd

### Notes to the financial statements For the year ended 31 December 2022

#### 1. Corporate information

Kent Energy Ltd is a private company limited by shares incorporated in the United Kingdom under the Companies Act 2006, registered in England and Wales. The address of the registered office is given on page 1. The nature of the Company's operations and its principal activities are set out in the Strategic report.

#### 2. Accounting policies

The principal accounting policies are summarised below. They have all been applied consistently throughout the year and to the preceding year.

##### General information and basis of accounting

The financial statements have been prepared under the historical cost convention and in accordance with Financial Reporting Standard 101 'Reduced Disclosure Framework' ("FRS 101") issued by the Financial Reporting Council.

The functional and presentational currency of Kent Energy Ltd is considered to be pounds sterling because that is the currency of the primary economic environment in which the Company operates.

##### Exemptions for qualifying entities under FRS 101

The Company has taken advantage of the following disclosure exemptions under FRS 101:

- (a) The requirements of paragraphs 45(b) and 46 to 52 of IFRS 2 *Share-based Payment*
- (b) The requirements of paragraphs 62, B64(d), B64(e), B64(g), B64(h), B64(j) to B64(m), B64(n)(ii), B64(o)(ii), B64(p), B64(q)(ii), B66 and B67 of IFRS 3 *Business Combinations*
- (c) The requirements of IFRS 7 *Financial Instruments: Disclosures*
- (d) The requirements of paragraphs 91 to 99 of IFRS 13 *Fair Value Measurement*
- (e) The requirement in paragraph 38 of IAS 1 *Presentation of Financial Statements* to present comparative information in respect of:
  - i. paragraph 79(a)(iv) of IAS 1;
  - ii. paragraph 73(e) of IAS 16 *Property, Plant and Equipment*;
  - iii. paragraph 118(e) of IAS 38 *Intangible Assets*;
- (f) The requirements of paragraphs 10(d), 10(f), 16, 38A, 38B, 38C, 38D, 40A, 40B, 40C, 40D, 111 and 134 to 136 of IAS 1 *Presentation of Financial Statements*
- (g) The requirements of IAS 7 *Statement of Cash Flows*
- (h) The requirements of paragraphs 30 and 31 of IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors*
- (i) The requirements of paragraph 17 of IAS 24 *Related Party Disclosures*
- (j) The requirements in IAS 24 *Related Party Disclosures* to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member
- (k) The requirements of paragraphs 134(d) to 134(f) and 135(c) to 135(e) of IAS 36 *Impairment of Assets*

Where relevant, equivalent disclosures have been given in the consolidated FCC group financial statements, copies of which are available from its registered office at 3 Sidings Court, White Rose Way, Doncaster, DN4 5NU.

## Kent Energy Ltd

### Notes to the financial statements For the year ended 31 December 2022

#### 2. Accounting policies (continued)

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

New Standards and amendments to Standards and Interpretations that became mandatory for the first time for the financial year beginning 1 January 2022 are listed below. The amendments had no material impact on the Company's results.

- Amendments to IFRS 1 *First-time Adoption of International Financial Reporting Standards* resulting from Annual Improvements to IFRS Standards 2018–2020 (subsidiary as a first-time adopter) (mandatory for the year commencing on or after 1 January 2022).
- Amendments to IFRS 3 *Business Combinations* updating a reference to the Conceptual Framework (mandatory for the year commencing on or after 1 January 2022).
- Amendments to IFRS 9 *Financial Instruments* resulting from Annual Improvements to IFRS Standards 2018–2020 (fees in the '10 per cent' test for derecognition of financial liabilities) (mandatory for the year commencing on or after 1 January 2022).
- Amendment to IFRS 16 *Leases* to extend the exemption from assessing whether a COVID-19-related rent concession is a lease modification (mandatory for the year commencing on or after 1 April 2021).
- Amendments to IAS 16 *Property, Plant and Equipment* prohibiting a company from deducting from the cost of property, plant and equipment amounts received from selling items produced while the company is preparing the asset for its intended use (mandatory for the year commencing on or after 1 January 2022).
- Amendments to IAS 37 *Provisions, Contingent Liabilities and Contingent Assets* regarding the costs to include when assessing whether a contract is onerous (mandatory for the year commencing on or after 1 January 2022).

##### Consolidation

The Company has claimed exemption from the preparation of consolidated financial statements under section 400 of the Companies Act 2006 as it is a subsidiary of a group which has prepared consolidated financial statements. Accordingly, these financial statements present information about the Company and not the group. See note 15 for further details.

##### Going concern

The Company has net assets of £8.8million and net current liabilities of £37.3million. The current liabilities are all due to fellow subsidiary undertakings. Of this, £36.2million is due to WasteNotts (Reclamation) Limited. The Company has received confirmation that this amount will not be requested within the next twelve months from the date of signing of these financial statements. The Company expects to receive dividends from its investments and net interest income from its loan assets and liabilities sufficient to meet its current financing obligations.

Having considered the forthcoming period ending 30 September 2024 from the date of signing of the financial statements, the Directors are satisfied that the Company will continue to meet its financing obligations. Accordingly, the financial statements have been prepared on a going concern basis.

##### Investments

Investments are stated at cost less provision for any impairment in value. Investment income from investments in subsidiaries is included in profit and loss when dividends have been declared.

##### Financial assets

The Group assesses lifetime ECL for trade receivables and contract assets. The expected credit losses on these financial assets are estimated based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions, and an assessment of both the current as well as the forecast economic conditions including the time value of money where appropriate.

## Kent Energy Ltd

### Notes to the financial statements For the year ended 31 December 2022

#### 2. Accounting policies (continued)

##### Financial assets (continued)

For all other financial instruments, the Group recognises lifetime ECL when there has been a significant increase in risk since initial recognition. When estimating ECLs, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis. The assessment is based on the Group's historical experience and includes forward-looking information. If the credit risk on the financial instrument has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to the 12-month ECL as defined below.

Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date. The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets. The gross carrying amount of a financial asset is written off when the Group has no reasonable expectations of recovering the asset in its entirety or a portion thereof. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedures for recovery of amounts due.

##### Taxation

Revenue, expenses, and assets are recognised net of the amount of sales tax except:

- where the sales tax incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the sales tax is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- debtors and creditors are stated with the amount of sales tax included.

The net amount of sales tax recoverable from, or payable to, the taxation authority is included as part of debtors or creditors in the balance sheet. Tax on the profit or loss for the year comprises current and deferred tax.

Current tax is the expected tax payable on the taxable surplus for the year using average tax rates in place during the financial year, and any adjustments in respect of previous periods. Income tax relating to items recognised directly in equity is recognised in equity and not in the statement of comprehensive income.

Deferred income tax is provided, using the liability method, on all temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. Deferred income tax is recognised for all temporary differences:

- except where the deferred income tax liability arises from the initial recognition of goodwill, non-tax deductible goodwill amortisation or the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit or loss nor taxable profit or loss; and
- in respect of taxable temporary differences associated with investments in subsidiaries except where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred income tax assets are recognised for all deductible temporary differences and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry-forward of unused tax assets and unused tax losses can be utilised.

The carrying amount of deferred income tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised. Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance sheet date.

## Kent Energy Ltd

### Notes to the financial statements For the year ended 31 December 2022

#### 3. Critical accounting judgements and key sources of estimation uncertainty

In the application of the Company's accounting policies, which are described in note 2, the Directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

- Impairment of investments in subsidiaries – Where there is an indicator that the Company's investments in subsidiaries have been impaired, estimations of the investments' values in use are prepared. The value in use calculations require the entity to estimate the future cash flows expected to arise from the investments and suitable discount rates in order to calculate present values. In the current year there has been no indicator of impairment so no value in use calculations were performed. Further details are disclosed in note 7 to the financial statements.

#### 4. Profit before tax

Auditor's remuneration in respect of statutory audit fees totalling £3,000 (2021: £1,000) is met by the Company.

#### 5. Directors' remuneration and transactions

None of the Directors received any remuneration or other benefits through the Company during the year ended 31 December 2022 or in the previous financial year.

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

The Company had no employees during the current or previous financial year.

#### 6. Tax on profit

The tax charge comprises:

|  | 2022<br>£'000 | 2021<br>£'000 |
|--|---------------|---------------|
| <b>Current tax</b>   |               |               |
| United Kingdom corporation tax at 19% (2021: 19%) based on profit for the year | 281           | 343           |
| <b>Total current tax</b>   | <u>281</u>    | <u>343</u>    |

The March 2021 Budget announced an increase to the main rate of corporation tax to 25% from April 2023.



## Kent Energy Ltd

### Notes to the financial statements For the year ended 31 December 2022

#### 6. Tax on profit (continued)

The total tax charge/position for both the current and previous year differs from the average standard rate of 19% (2021: 19%) for the reasons set out in the following reconciliation:

|  | 2022<br>£'000 | 2021<br>£'000 |
|--|---------------|---------------|
| <b>Profit before tax</b>               | <b>10,477</b> | <b>15,804</b> |
| Tax on profit at average standard rate | 1,991         | 3,003         |
| Effects of:                            |               |               |
| Non-taxable dividend income            | (1,710)       | (2,660)       |
| <b>Tax charge for the year</b>         | <b>281</b>    | <b>343</b>    |

#### Deferred tax

There is no provided or unprovided deferred tax in either the current or previous financial year.

#### 7. Investments

The Company has investments in the following subsidiary undertakings.

|                                  | Country of incorporation | Principal activity                  | Holding                | %    |
|----------------------------------|--------------------------|-------------------------------------|------------------------|------|
| <b>Subsidiary undertakings:</b>  |                          |                                     |                        |      |
| Kent Enviropower Limited         | England and Wales        | Waste disposal and power generation | Ordinary share capital | 100% |
| WasteNotts (Reclamation) Limited | England and Wales        | Waste disposal and power generation | Ordinary share capital | 100% |

The address of the registered office of all subsidiaries is the same as the parent company, disclosed on page 1.

|  | £'000  |
|--|--------|
| <b>Cost</b>                                      |        |
| At 1 January 2022 and 31 December 2022           | 36,165 |
| <b>Provisions for impairment</b>                 |        |
| Provision at 1 January 2022 and 31 December 2022 | -      |
| <b>Net book value</b>                            |        |
| At 31 December 2022                              | 36,165 |
| At 31 December 2021                              | 36,165 |

The entire issued share capital of KEL consisting of 100,002 ordinary shares of £1 each is charged to the Royal Bank of Scotland plc ("RBS") pursuant to a legal mortgage created by a Security Agreement dated 31 March 2004 between the Company and RBS. Under this Security Agreement and prior to any security becoming enforceable in accordance with the terms set out therein, the Company controls the voting rights in respect of the issued shares in KEL and is therefore its immediate parent undertaking.

## Kent Energy Ltd

### Notes to the financial statements For the year ended 31 December 2022

#### 8. Trade and other receivables (non-current)

|   | 2022<br>£'000 | 2021<br>£'000 |
|---|---------------|---------------|
| Amounts due from subsidiary undertaking | <u>9,863</u>  | <u>15,000</u> |

The Loan Agreement dated 31 March 2004, as amended on 18 April 2008, between the Company and KEL for a principal amount of £17,205,084 provides for the payment of interest by KEL to the Company at a non-compounding interest rate of 12.5% per annum. The loan is repayable in full on 31 March 2030.

#### 9. Trade and other payables (current)

|   | 2022<br>£'000 | 2021<br>£'000 |
|---|---------------|---------------|
| Amounts owed to subsidiary undertakings | <u>37,266</u> | <u>36,990</u> |

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

#### 10. Loans and borrowings (non-current)

|  | Effective interest rate % |           | 2022<br>£'000 | 2021<br>£'000 |
|--|---------------------------|-----------|---------------|---------------|
|  | 2022<br>%                 | 2021<br>% |               |               |
| Amounts owed to immediate parent undertaking –<br>FCC Energy Limited | 2.44                      | 2.44      | <u>-</u>      | <u>6,609</u>  |

Amounts outstanding at 31 December 2021 to FCC Energy Limited were unsecured and bore interest at a rate of 2.375%+ 6 month LIBOR per annum. From 1 January 2021, LIBOR has been replaced by an equivalent rate, calculated by using a risk-free rate (SONIA) and adding a fixed Credit Adjustment Spread of 0.27660. The loan was repaid in full during the year.

#### 11. Share capital and reserves

|   | 2022<br>£'000 | 2021<br>£'000 |
|---|---------------|---------------|
| <b>Authorised</b>                         |               |               |
| 200,000 ordinary shares of £1 each        | <u>200</u>    | <u>200</u>    |
| <b>Called up, allotted and fully paid</b> |               |               |
| 200,000 ordinary shares of £1 each        | <u>200</u>    | <u>200</u>    |

The Company has one class of ordinary shares which carry no right to fixed income.

#### Retained earnings

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

#### 12. Dividends per share

|  | 2022<br>£'000 | 2021<br>£'000 |
|--|---------------|---------------|
| Interim dividend paid of £45.00 per share (2021: £70.00 per share) | <u>9,000</u>  | <u>14,000</u> |

## **Kent Energy Ltd**

### **Notes to the financial statements For the year ended 31 December 2022**

#### **13. Contingent liabilities**

- (a) The Company is a member of a group VAT registration and as such has contingent liabilities for VAT in respect of certain other members of the group.
- (b) There are fixed and floating charges over the assets of the Company in connection with the financing of the FCC Energy Limited group, of which the Company is parent.

#### **14. Related party transactions**

The Directors regard all subsidiaries of FCC together with the Group's 49% shareholder, GRP EfW Investments Limited, as related parties.

Under FRS 101, the company is exempt from disclosing related party transactions with other wholly owned subsidiaries of the Group.

#### **15. Controlling party**

The immediate parent company is FCC Energy Limited, a company registered in England and Wales.

The Directors regard Fomento de Construcciones y Contratas, S.A., a company registered in Spain, as the ultimate parent entity. The ultimate controlling party is Inversora Carso S.A. de C.V, a company registered in Mexico.

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