

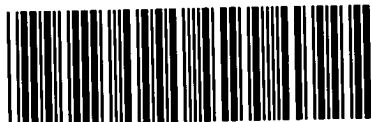
COMPANY NUMBER 04062656

# Augean Treatment Limited

Annual report

Year ended 31 December 2022

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## **Company information**

Directors	J H Rauch G B Wilson S D Pottage (appointed 22 March 2022) R M Brooke (appointed 22 March 2022) M R M Fryer (resigned 27 April 2022)
Secretary	A G Secretarial Ltd
Registered office	4 Rudgate Court Walton Wetherby West Yorkshire LS23 7BF
Registered number	04062656 Incorporated in England and Wales
Auditors	BDO LLP Central Square 29 Wellington Street Leeds LS1 4DL

## Strategic report

The review of financial performance includes the results from the operations of Augean Treatment Limited (the Company).

### Business review

Total revenue for the Company was £27.5m (2021: £23.7m), representing an increase of 15.73% from the previous year. Operating profit was £1.5m (2021: £1.3m) and margin was 5.5% (2021: 5.6%)

The Company's financial position has improved in 2022 due to the profit recognised in the year.

### Key Performance Indicators

<b>Key Performance Indicator</b>	<b>2022</b>	<b>2021</b>
Operating margin <sup>1</sup>	5.5%	5.6%
Annualised total sales growth/(decline) <sup>2</sup>	15.73%	37.9%

### Notes to KPI's

<sup>1</sup> **Operating margin** = Operating profit as a percentage of turnover.

<sup>2</sup> **Annualised sales growth** = the annual increase (2021: increase) in total revenue from the prior year.

The operating margin and annualised sales growth have fluctuated in the year as a result of changing conditions in the markets the company's services

Augean Treatment Limited's principal activity is the recovery and recycling of oil and solvents, the generation of secondary liquid and solid fuels from waste and the disposal of air pollution control residues (APCr), incinerator bottom ash (IBA), asbestos and other contaminated waste materials and soils, mainly from the Energy-from-Waste (EfW), biomass energy and construction sectors. The largest waste stream by revenue is the disposal of APCr from EfW sites which comprises bottom ash and ash from the burning of biomass and municipal waste to generate energy. A key growth market in Treatment and Disposal is low level radioactive waste decommissioning.

## **Strategic report (continued)**

### **Principal risks and their mitigation**

The performance of the business is linked to economic activity in the waste markets it serves, including the industrial, construction and oil & gas sectors. Fluctuations in the economy in general and these sectors in particular affect the Company performance, as do inflationary and other pressures from the wider economy. Risks are mitigated by diversifying the customer base as far as possible and by linking gate fees, wherever possible, to prevailing operating costs and commodity prices, including the costs of waste disposal outside of the Company. In addition to this general economic risk there are a number of risks specific to the waste industry.

### **Going concern**

The Directors have considered the going concern of the company by reference to a number of factors. In particular the Directors have considered the stability of demand for company activities, the fact that the Company is not overly reliant on any single customer or supplier and they continue to retain key staff. Further consideration was given in respect of the current global macroeconomic conditions. The Board are positive about future revenues, profitability and the future cash generation of the Company. These factors give the Directors confidence in relation to going concern.

Further detail is included in the Directors Report.

### **Environmental legislation**

Regulation is a key driver of the waste market. Changes in legislation (including tax legislation with environmental goals) or its interpretation can have a significant and far reaching impact on waste management markets. The Company endeavours to mitigate this risk by employing high quality technical management to interpret the evolving legislative framework and its potential and current impact on the Company's operations. In addition, the Company maintains a presence on a number of industry groups to influence the shaping of policy and liaises regularly with relevant regulators and legislative bodies.

### **Environmental compliance**

All operating sites and activities are regulated by environmental authorities in line with the requirements set out within licences and permits. These licences and permits are required to carry on the business. Therefore the negotiation of, and compliance with, their terms is of paramount importance as withdrawal or temporary suspension could have a significant impact on the Company's ability to operate. Adherence to the highest environmental standards is also important to ensure the maintenance of good relations with local communities and to satisfy customers. The Company mitigates this risk through the employment of technical expertise throughout the Company and through the provision of training to develop the Company's staff to understand their role in ensuring compliance is maintained. The Company also relies on its principal regulator, the Environment Agency, to ensure that other operators within the industry are adhering to the standards required on a local, regional and national basis. The success of the regulator in achieving this is critical in providing a level playing field and a positive climate for investment in responsible waste management practices. The Company maintains an active dialogue with the Environment Agency to promote the best interests of the industry and of the environment as a whole.

## **Strategic report (continued)**

### **Health and safety**

By its nature, the waste industry has inherent risks in the area of health and safety. The Board believes that the Company's employees are its most important and valuable assets and their health and safety is vital to the continued success of the business. The Company continues to invest and resource the business to ensure that the highest health and safety standards are required and applied.

### **Price risk**

Price pressure remains a key feature of the waste market, where customers often have a range of technological options for the ultimate disposal of their wastes and access to several companies competing to service their needs. The Company reviews its pricing policies on an ongoing basis to ensure that it influences and stabilises the market, whilst responding to emerging trends and customer needs. As part of the Company's established sales infrastructure specialist roles exist to assess and price waste consignments in line with market rates and available disposal solutions. All services are kept under review to ensure that price changes in the market do not lead to uneconomic activities being undertaken by the Company.

### **Economic growth**

The Company relies on economic activity in the UK, which in turn leads to production of the hazardous wastes which form the basis of its sales revenues. The UK is experiencing a well-documented extended period of limited economic growth, with a corresponding impact on output from sectors including construction and manufacturing. This downturn has the potential to restrict the quantum of hazardous wastes available to the Company and therefore its revenues. These macro-economic conditions are mitigated in part by following a strategy of developing niche markets requiring specialist waste management capabilities, which have high barriers to entry, and also through continuing to identify and invest in the techniques, assets and resources to provide a broad range of services to customers, diversifying the revenue base of the Company.

### **Transport disruption**

The Company relies on the delivery of wastes to its sites to secure revenues and any disruption to local or national networks, for example in severe weather conditions, can delay or possibly lose revenue for the Company. Mitigation is provided as far as possible through the use of its own fleet of vehicles and the ability to accept wastes into sites in different geographical locations before onward transfer to their final treatment or disposal destinations.

### **Approval**

The Strategic report was approved by the Board on 26<sup>th</sup> May 2023 and signed on its behalf by:



**S D Pottage**  
Director  
Company number  
04062656

## **Directors' report**

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

### **Principal activities**

The principal activity of the Company is the operation of waste treatment sites and waste transfer stations, dealing with a broad range of specialist and hazardous wastes across the UK.

### **Results and dividends**

The profit for the year after tax amounted to £1.3m (2021: £1.3m). The Directors do not recommend a dividend (2021: £nil).

### **Directors**

The Directors who served the Company during the year and to the date of the report are set out on page 2.

### **Going concern**

The Company's business activities, together with the factors likely to affect its future development, performance and position are set out in the Strategic Report.

The Eleia Group manages short-term working capital requirements centrally and during 2022 met its funding and working capital commitments through its cash reserves and available bank facilities. This arrangement along with the underlying cash generation of the Group and Company, is expected to provide the required funds to support further growth of the business.

The Company's immediate parent company, Augean Limited has received assurances from its immediate parent Eleia Limited who in turn has received assurances from Eleia Midco Limited that in respect of intragroup balances, it does not intend to demand repayment of amounts which would impact the ability of the Group to continue as a going concern from the date of the issuance of the Group's financial statements.

Cash flow forecasts for the twelve months from the date of approval of the financial statements indicate the Company's ability to operate within these parameters.

During 2022, the Group demonstrated its ability to generate cash flow from operating activities. The Group retains some discretion over the nature and timing of significant capital expenditure, allowing future liquidity to be managed. Given the discretion available, the Board remains confident that capital expenditure can be controlled if necessary.

Financial forecasts and projections, taking account of reasonably possible changes in trading performance, and the market value of the Group assets, have been prepared and show that the Group is expected to be able to operate within its cash balance and the level of available facility. The results have been prepared taking into account the Group's net cash and available headroom on Group borrowings.

Having considered the items set out above the Directors have a reasonable expectation that the Company have adequate resources to continue in operational existence for the foreseeable future. The Directors are confident that the Company will be able to meet its liabilities as they fall due over the next twelve months. As a result, the financial statements have been prepared on a going concern basis.

### **Future developments and post balance sheet events**

The Directors are not aware, at the date of this Annual report, of any major changes in the Company's activities in the next financial year.

### **Qualifying third party indemnity provisions**

All Directors benefitted from qualifying indemnity insurance policies in place during the financial year.

## **Directors' report (continued)**

### **Risk management objectives and policies**

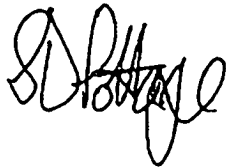
The Company finances its activities with a combination of external loans, shareholder loan, retained cash and lease contracts. Retained cashflow and available revolving facilities are used to manage short-term cashflow requirements. Other financial assets and liabilities, such as debtors and trade creditors, arise directly from Group operating activities. Financial instruments give rise to interest rate, credit, price and liquidity risk

### **Auditors**

In accordance with Section 489(4) of the Companies Act 2006, a resolution to appoint BDO LLP will be proposed at the Annual General Meeting.

### **Approval**

The report of the directors was approved by the Board on 26<sup>th</sup> May 2023 and signed on its behalf by:

A handwritten signature in black ink, appearing to read 'S D Pottage', is written over a faint, larger version of the same signature.

**S D Pottage**  
**Director**  
**Company number**  
**04062656**



## Directors' Responsibilities Statement

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

Company law requires the Directors to prepare financial statements for each financial year. The Directors have elected to prepare the Company financial statements in accordance with the requirements of the Companies Act 2006, and in accordance with Financial Reporting Standard 101 'Reduced Disclosure Framework' (FRS101). 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 and profit or loss of the Company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

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

Each of the persons who is a Director at the date of approval of this report confirms that:

- so far as the Director is aware, there is no relevant audit information of which the company's auditor is unaware; and
- the Director has taken all the steps that he ought to have taken as a director in order 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 s418 of the Companies Act 2006.



**S D Pottage**  
Director  
26/05/2023

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

The Directors of Augean Treatment Limited consider that, individually and together, they have acted in the way which in good faith would be most likely to promote the success of the Company for the benefit of its members as a whole (having regard to the stakeholders and matters set out in s172(1)(a-f) of the Act in the decisions taken during the year ended 31 December 2022.

The Board looked to promote the success of the Company, having regard to the long term, whilst taking into account the interests of all stakeholders. Although the current strategy only concerns two objectives, it is designed to secure the long-term financial viability of the Company to the benefit of its members and all stakeholders. A main feature of this is to continue to operate the business within tight budgetary controls and in line with regulatory requirements. This was done in particular by reference to:

- the approval of the strategic objectives ('our strategy') for the company;
- the business plan for the next financial year ('our plan');
- the approval of terms to enter into significant contracts; and
- the decision not to pay a dividend.

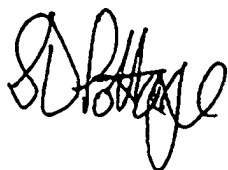
The Directors recognise that our employees are fundamental to the delivery of our plan. We aim to be a responsible employer in our approach to the pay and benefits our employees receive. The health, safety and well-being of our employees is of primary concern in the way we do business and is monitored extensively by the Board and taken into account in all major decision-making.

Our duty is to apply the Waste Frameworks Directive and the Industrial Emissions Directive and to apply the Best Available Technology ('BAT'). We also strive to always comply with the requirements of the Environment Agency and the Scottish Environmental Protection Agency. The treatments we operate apply strict input and process control procedures to ensure that each waste received is handled in the safest manner. We also aim to act responsibly and fairly in how we engage with our customers, suppliers, co-operate with our regulators and act on feedback received from these stakeholders. All of these considerations are taken into account by the Board when making strategic decisions for the Company.

Our plan considered the impact of the Company's operations on the community, the environment and our wider societal responsibilities. The Group's CSR report provides information on the factors considered and stakeholder engagement.

As Directors, our intention is to behave responsibly to all stakeholders and to ensure that management operate the business in a responsible manner, operating within the high standards of business conduct and good governance expected for a business such as ours. Acting in this way will contribute to the delivery of our plan and we intend to maintain our reputation within the industry for responsible, compliant behaviour and the use of BAT.

As Directors, our intention is also to make decisions which lead to the long-term success of the company whilst behaving responsibly towards our Shareholders, treating them fairly and equally, so they benefit from the successful delivery of our strategy and plan. The strategic report on pages 3 to 5 of this report was approved and signed on behalf of the Board.



**S D Pottage**  
Director  
26/05/2023

## **Independent auditor's report to the members of Augean Treatment Limited**

### **Opinion on the financial statements**

In our opinion, the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2022 and of its 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.

We have audited the financial statements of Augean Treatment Limited ("the Company") for the year ended 31 December 2022 which comprise the statement of comprehensive income, the statement of financial position, the statement of changes in equity, and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 101 Reduced Disclosure Framework (United Kingdom Generally Accepted Accounting Practice).

### **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### *Independence*

We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

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

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

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

Our responsibilities and the responsibilities of the Directors with respect to going concern are described in the relevant sections of this report.

### **Other information**

The Directors are responsible for the other information. The other information comprises the information included in the Annual Report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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

We have nothing to report in this regard.

## **Independent auditor's report to the members of Augean Treatment Limited (continued)**

### **Other Companies Act 2006 reporting**

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

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

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

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

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

### **Responsibilities of Directors**

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

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

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

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

#### *Extent to which the audit was capable of detecting irregularities, including fraud*

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

As part of the audit we gained an understanding of the legal and regulatory framework applicable to the Company and the industry in which it operates, and considered the risk of acts by the Company that were contrary to applicable laws and regulations, including fraud. We considered the Company's compliance with laws and regulations that have a direct impact on the financial statements including, but not limited to, UK company law and UK tax legislation, and we considered the extent to which non-compliance might have a material effect on the Company's financial statements.

## Independent auditor's report to the members of Augean Treatment Limited (continued)

### Auditor's responsibilities for the audit of the financial statements (continued)

#### *Extent to which the audit was capable of detecting irregularities, including fraud (continued)*

Based on our understanding we designed our audit procedures to identify instances of non-compliance with such laws and regulations. Our procedures included reviewing the financial statement disclosures and agreeing to underlying supporting documentation where necessary. We made enquiries of management and of the Directors as to the risks of non-compliance and any instances thereof. We made detailed enquiries of managements internal control systems and IT systems in order to identify that appropriate segregation of duties was in order for the relative size of the company. Where deficiencies in internal controls and IT general controls were noted, we designed and tailored our audit procedures to consider whether the control weakness resulted, or could result, in material misstatement due to error or fraud.

We also addressed the risk of management override of internal controls, including testing journal entries processed during and subsequent to the year and evaluating whether there was evidence of bias by the Directors that represented a risk of material misstatement due to fraud. We specifically reviewed manual journals to those financial statement areas that are inherently susceptible to management manipulation and bias, including, but not limited to tangible fixed asset generation, revenue, trade receivables and cash postings.

We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls) and determined that the principal risks were related to posting inappropriate journal entries to improve performances and management bias in accounting estimates. In particular, we considered the appropriateness of judgements and estimation within Deferred tax recognition, Tax assessments, provisions and impairment modelling.

We also applied a detailed risk assessment approach to our audit of revenue, by considering what could go wrong within each of the Company's revenue streams and tailored our testing to responded to risks that we identified. This included the use of data analytics to gain a high level of assurance over revenue populations, and to target test outliers that may indicate bias, manipulation, error or fraud.

Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery, misrepresentations or through collusion. There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we are to become aware of it.

A further description of our responsibilities is available on the Financial Reporting Council's website at:

<https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

#### Use of our report

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

DocuSigned by:

*Mark Langford*

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Mark Langford

(Senior Statutory Auditor)

For and on behalf of BDO LLP, Statutory Auditor  
Leeds, UK

26 May 2023

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

## Statement of comprehensive income

For the year ended 31 December 2022

	Note	2022 £'000	2021 £'000
Turnover	2	27,457	23,726
Operating expenses		(25,950)	(22,391)
Operating profit	3	1,507	1,335
Net finance charge	5	(2)	(2)
Profit before tax		1,505	1,333
Tax charge	6	(165)	(9)
Profit for the year from continuing operations		1,340	1,324
Total comprehensive income attributable to equity shareholders		1,340	1,324

The notes on pages 16 to 28 form an integral part of these financial statements.

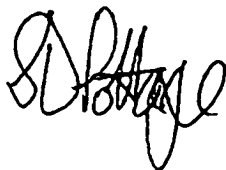
## Statement of financial position

As at 31 December 2022

	Note	2022 £'000	2021 £'000
<b>Non-current assets</b>			
Tangible fixed assets	7	2,720	2,350
Right of use assets	11	77	40
Deferred tax asset	6	128	293
		<u>2,925</u>	<u>2,683</u>
<b>Current assets</b>			
Stock	8	166	317
Debtors falling due within one year	9	10,314	10,922
Cash at bank and in hand		965	891
		<u>11,445</u>	<u>12,130</u>
<b>Current liabilities</b>			
Creditors: amount falling due within one year	10	(43,293)	(45,111)
Lease liabilities: amounts falling due within one year	11	(44)	(18)
		<u>(43,337)</u>	<u>(45,129)</u>
<b>Net current liabilities</b>		<u>(31,892)</u>	<u>(32,999)</u>
<b>Total assets less current liabilities</b>		<u>(28,967)</u>	<u>(30,316)</u>
Lease liabilities: amounts falling due after more than one year	11	(32)	(22)
<b>Net liabilities</b>		<u>(28,999)</u>	<u>(30,338)</u>
<b>Capital and reserves</b>			
Share capital	12	1	1
Share premium account		1	1
Profit and loss account		(29,000)	(30,340)
<b>Total shareholders' deficit</b>		<u>(28,998)</u>	<u>(30,338)</u>

The notes on pages 16 to 28 form an integral part of these financial statements.

The financial statements were approved by the Board on 26<sup>th</sup> May 2023 and signed on its behalf by:



**S D Pottage**  
Director  
Company number: 04062656

## Statement of changes in equity

For the year ended 31 December 2022

	Share capital	Share premium	Profit and loss account	Shareholders' equity
	£'000	£'000	£'000	£'000
<b>At 1 January 2021</b>	<b>1</b>	<b>1</b>	<b>(31,664)</b>	<b>(31,662)</b>
Retained profit and total comprehensive income for the year	-	-	1,324	1,324
<b>At 1 January 2022</b>	<b>1</b>	<b>1</b>	<b>(30,340)</b>	<b>(30,338)</b>
Retained profit and total comprehensive income for the year	-	-	1,340	1,340
<b>At 31 December 2022</b>	<b>1</b>	<b>1</b>	<b>(29,000)</b>	<b>(28,998)</b>

The notes on pages 16 to 28 form an integral part of these financial statements



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

### 1. Accounting policies

Augean Treatment Limited is a private company limited by shares, incorporated in the United Kingdom. The principal place of business is the UK.

#### **Basis of accounting**

The Company has elected to prepare its financial statements in accordance with Financial Reporting Standard 101 'Reduced Disclosure Framework' (FRS101) and the requirements of the Companies Act 2006. The financial statements have been prepared on the historical cost basis with the exception of certain items which are measured at fair value as disclosed in the principal accounting policies set out below. These policies have been consistently applied to all years presented unless otherwise stated. The financial statements are presented in Sterling and have been presented in round thousands (£'000).

In preparing these financial statements, the Company has taken advantage of the disclosure exemptions conferred by FRS101. Therefore these financial statements do not include:

- a statement of cash flows and related notes;
- the requirements of IAS 24 related party disclosures to disclose related party transactions entered in to between two or more members of the group as they are wholly owned within the group;
- presentation of comparative reconciliations for property, plant and equipment;
- disclosure of key management personnel compensation;
- capital management disclosures;
- presentation of comparative reconciliation of the number of shares outstanding at the beginning and at the end of the period;
- certain share based payment disclosures;
- disclosures in relation to impairment of assets;
- disclosures in respect of financial instruments (other than disclosures required as a result of recording financial instruments at fair value); and
- fair value measurement disclosures (other than disclosures required as a result of recording financial instruments at fair value).

#### **Going Concern**

The Directors have, at the time of approving the financial statements, a reasonable expectation that the Company and the Group have adequate resources to continue in operational existence for the foreseeable future. Thus, they continue to adopt the going concern basis of accounting in preparing the financial statements. Further detail is contained in the Directors' Report.

#### **Revenue recognition**

Revenue comprises the fair value of the consideration received or receivable for the provision of services in accordance with the Company's primary revenue streams as set out below. Revenue is shown net of Value Added Tax.

Waste revenue is recognised at the point of acceptance of that waste into one of the Company's facilities, being consistent with the point where the Company's responsibility for this waste arises and therefore reflecting fulfilment of the sole performance obligation to the customer.

Service revenue is recognised at point of delivery of each separate service or where the right to invoice a customer for that revenue is met. Contract assets and liabilities may arise where there is a short-term timing difference between recognition and invoicing.

The Company's standard payment terms are 30 days from the provision of the service. There are no long term contract or financing arrangements in place across the Company.

There are no material concentrations of revenue by customer or from countries outside of the United Kingdom.

#### **Goodwill**

Goodwill arising on the acquisition of subsidiary undertakings and businesses, representing the excess of the fair value of the consideration given over the fair value of the identifiable assets and liabilities acquired, is capitalised as an intangible asset. It is tested for impairment at least annually and is carried at cost less accumulated impairment losses. Any impairment is recognised immediately in the Statement of Comprehensive Income.

## Notes to the financial statements for the year ended 31 December 2022 (continued)

### 1. Accounting policies (continued)

#### Non-Recurring items

Items that are significant and outside the normal course of business are presented as non-recurring items in the Statement of Comprehensive Income. The Directors believe the separate recording of the non-recurring items provides helpful information about the Company's underlying business performance. Examples of events which may give rise to the classification of items as non-recurring include restructuring of the business, acquisition costs, compensation for loss of office, impairment of fixed assets and non-recurring income or expenditure.

#### Tangible fixed assets

Property, plant and equipment are stated at cost less accumulated depreciation and any recognised impairment loss. The cost of an item of property, plant and equipment comprises its purchase price and any costs directly attributable to bringing the asset into use. Borrowing costs related to the purchase of fixed assets are not capitalised.

Subsequent costs are included in an asset's carrying value or recognised as a separate asset, when it is probable that future economic benefits associated with the additional expenditure will flow to the group and the cost of the item can be measured reliably. All other costs are charged to the Statement of comprehensive income when incurred.

Tangible fixed assets are stated at cost, net of depreciation and any provision for impairment. Freehold land is not depreciated. Depreciation is provided evenly on all other tangible fixed assets at rates calculated to write off the cost, less estimated residual value, of each asset over its useful life as follows:

Freehold buildings	- fifty years
Plant, machinery and vehicles	- two to ten years

Methods of depreciation, residual values and useful lives are reviewed and adjusted, if appropriate, at each Statement of financial position date.

Assets held under finance leases are depreciated over the shorter of their expected useful lives or, where there is no reasonable certainty that title will be obtained at the end of the lease term, the term of the relevant lease.

The gain or loss arising from the disposal or retirement of an item of property, plant and equipment is determined as the difference between the net disposal proceeds and the carrying amount of the item, and is included in the Statement of comprehensive income.

#### Leases

The Group has leased plant and machinery. With the exception of short-term leases and leases of low-value underlying assets, each lease is reflected on the balance sheet as a right-of-use asset and a lease liability.

Lease liabilities are measured at the present value of the contractual payments due to the lessor over the lease term, with the discount rate determined by reference to the rate inherent in the lease unless this is not readily determinable, in which case 3% is used, representing the Group's incremental borrowing rate. The Company classifies its right-of-use assets in a consistent manner to its property, plant and equipment.

The carrying value of the lease liability also includes amounts expected to be payable under any residual value guarantee, the exercise price of any purchase option granted in favour of the group if it is reasonably certain to assess that option and any penalties payable for terminating the lease, if the term of the lease has been estimated on the basis of termination option being exercised.

Right of use assets are initially measured at the amount of the lease liability, reduced for any lease incentives received and increased for lease payments made at or before commencement of the lease, initial direct costs incurred and the amount of any provision recognised where the Company is contractually required to dismantle, remove or restore the leased asset.

Subsequent to initial measurement lease liabilities increase as a result of interest charged at a constant rate on the balance outstanding and are reduced for lease payments made. Right-of-use assets are amortised on a straight-line basis over the remaining term of the lease or over the remaining economic life of the asset if, rarely, this is judged to be shorter than the lease term.

## Notes to the financial statements for the year ended 31 December 2022 (continued)

### 1. Accounting policies (continued)

#### **Leases (continued)**

When the Company revises its estimate of the term of any lease (because, for example, it re-assesses the probability of a lessee extension or termination option being exercised), it adjusts the carrying amount of the lease liability to reflect the payments to make over the revised term, which are discounted using a revised discount rate. The carrying value of lease liabilities is similarly revised when the variable element of future lease payments dependent on a rate or index is revised, except the discount rate remains unchanged. In both cases an equivalent adjustment is made to the carrying value of the right-of-use asset, with the revised carrying amount being amortised over the remaining (revised) lease term.

If the renegotiation results in a decrease in the scope of the lease, both the carrying amount of the lease liability and right-of-use asset are reduced by the same proportion to reflect the partial or full termination of the lease with any difference recognised in profit or loss.

The lease liability is then further adjusted to ensure its carrying amount reflects the amount of the renegotiated payments over the renegotiated term, with the modified lease payments discounted at the rate applicable on the modification date. The right-of-use asset is adjusted by the same amount.

For contracts that both convey a right to the Company to use an identified asset and require services to be provided to the Company by the lessor, the Company has elected to account for the entire contract as a lease, i.e., it does not allocate any amount of the contractual payments to, and account separately for, any services provided by the supplier as part of the contract.

#### **Stock**

Inventories are stated at the lower of cost (measured on a first in first out basis) and net realisable value and where appropriate are stated net of provisions for slow moving and obsolete inventory.

#### **Contingent assets/liabilities**

A contingent asset/liability is disclosed if there is a possible receipt/outflow from a past event and the inflow/outflow is not probable or unable to be measured.

#### **Tax**

##### *Current tax*

Current tax is provided at amounts expected to be paid (or recovered) using tax rates and laws that have been enacted or substantively enacted by the Statement of financial position date. The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the Statement of comprehensive income because it excludes items of income that are taxable or deductible in other years and it further excludes items that are never taxable or deductible.

##### *Deferred tax*

Deferred tax on temporary differences at the Statement of financial position date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes is accounted for using the liability method.

Using the liability method, deferred tax liabilities are recognised in full for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. However, if the deferred tax asset or liability arises from the initial recognition of goodwill or the initial recognition of an asset or liability in a transaction, other than a business combination, that at the time of the transaction affects neither accounting nor taxable profit, it is not recognised.

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply when the asset is realised or the liability settled based on tax rates and laws enacted or substantively enacted at the Statement of financial position date.

Current and deferred tax are recognised in the Statement of comprehensive income except when they relate to items recognised directly in equity, when they are similarly taken to equity.

Where deferred tax assets such as tax losses, which were not recognised at the acquisition date due to uncertainty over their recovery, are subsequently utilised or recognised, goodwill is reduced by an amount equivalent to the deferred tax assets calculated at the relevant tax rate with an equivalent credit to the tax account in the Statement of comprehensive income.

## Notes to the financial statements for the year ended 31 December 2022 (continued)

### 1. Accounting policies (continued)

#### **Cash and cash equivalents**

Cash and cash equivalents comprise cash at bank and in hand and short-term deposits with a maturity of three months or less. Bank overdrafts are shown within current liabilities.

#### **Financial instruments**

##### *(i) Financial assets*

Financial assets that are held to collect are categorised as amortised cost under IFRS 9. This includes the Company's trade and other receivables, and cash and cash equivalents. Financial assets are assigned to this category on initial recognition, depending on the characteristics of the instrument and its purpose. A financial instrument's category is relevant for the way it is measured and whether any resulting income and expenses is recognised in the Statement of comprehensive income or directly in equity.

Augean Treatment Limited recognises all financial assets when the Company becomes party to the contractual provisions of the instrument. Financial assets are recognised at fair value plus transaction costs. Financial assets are reviewed for impairment under the simplified approach to the expected credit loss model under IFRS 9. This is calculated through the use of a provision matrix by considering default rates by receivable age. A historic 2 year actual impairment loss on receivables, adjusted for management's expectation of future market conditions is utilised within this matrix. The movement in allowances for receivables is charged or credited through the income statement. Discounting of long-term receivables is omitted where the effect is immaterial.

##### *(ii) Financial liabilities*

The Company's financial liabilities include trade payables, debt and finance lease liabilities and are all categorised under amortised cost in accordance with IFRS 9. Trade payables are not interest bearing and are recognised initially at fair value and subsequently carried at amortised cost using the effective interest method. Debt is initially recognised at fair value less transaction costs and carried at amortised cost. The Company's policy is that no trading in financial instruments or derivatives shall be undertaken, therefore the fair value through profit and loss classification under IFRS 9 is not used for any financial liabilities.

Financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instrument. All interest-related charges and, if applicable, changes in an instrument's fair value that are reported in profit or loss are included in the Statement of comprehensive income under 'finance charges'.

#### **Equity**

Equity comprises the following:

- 'Share capital' represents the nominal value of equity shares.
- 'Share premium account' represents the excess over nominal value of the fair value of consideration received for equity shares, net of expenses of the share issue.
- 'Profit and loss account' represents retained earnings and losses.

#### **Significant judgements and key sources of estimation uncertainty**

The preparation of the financial statements requires management to make estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income, expenses and related disclosures. The estimates and underlying assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances. This forms the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources.

Actual results may however differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Changes in accounting estimates may be necessary if there are changes in the circumstances on which the estimate was based, or as a result of new information or further information. Such changes are recognised in the year in which the estimate is revised.

## Notes to the financial statements for the year ended 31 December 2022 (continued)

### 1. Accounting policies (continued)

#### **Significant judgements and key sources of estimation uncertainty (continued)**

Certain accounting policies are particularly important to the preparation and explanation of the Company's financial information. Key assumptions about the future and key sources of estimation uncertainty that have a risk of causing a material adjustment to the carrying value of assets and liabilities over the next twelve months are set out below.

#### *Impairment of fixed assets*

The Company has property, plant and equipment with a carrying value of £3m (note 7). These assets are reviewed annually for impairment to ensure that property, plant and equipment are not carried above their estimated recoverable amounts. Factors such as changes in expected use of buildings, plant and machinery, closure of facilities, or lower than anticipated sales could result in impairment.

#### **New IFRS standards and interpretations applied**

The Company has applied the following standards and amendments for the first time in these financial statements:

- Reference to the conceptual framework (Amendments to IFRS 3).
- Onerous contracts – Cost of fulfilling a contract (amendments to IAS 37).
- Property, Plant and Equipment: Proceeds before Intended Use (amendments to IAS 16).
- Annual Improvements to IFRS Standards 2018-2020.

The application of these new standards and amendments did not have a material impact on the Financial Statements.

## Notes to the financial statements for the year ended 31 December 2022 (continued)

### 1. Accounting policies (continued)

#### New IFRS standards and interpretations not applied

The following new standards, amendments to standards and interpretations will be mandatory for the first time in future financial years:

	Issued date	IASB mandatory effective date	Endorsement status (EU)
<b>New Standards</b>			
IFRS 17 Insurance contracts	25-Jun-20	01-Jan-23*	Endorsed
<b>Amendments to existing standards</b>			
Classification of Liabilities as Current or Non-current (Amendment to IAS 1)	23-Jan-20	01-Jan-23	Endorsed
Definition of Accounting Estimates (Amendments to IAS 8)	12-Feb-21	01-Jan-23	Endorsed
Disclosure of Accounting policies (Amendments to IAS1 and IFRS Practice Statement 2)	12-Feb-21	01-Jan-23	Endorsed
Deferred tax related to assets and liabilities arising from a single transaction (amendments to IAS 12)	07-May-21	01-Jan-23	Endorsed
Initial application of IFRS 17 and IFRS 9 – Comparative information (Amendments to IFRS 17)	09-Dec-21	01-Jan-23	Endorsed
Leases on sale and leaseback (Amendment to IFRS 16)	23-Sep-22	01-Jan-24	Endorsed

The application of these standards and interpretations is not expected to have a material impact on the Company's reported financial performance or position.

### 2. Turnover

	2022 £'000	2021 £'000
Waste services provided in the United Kingdom	27,457	23,726

## Notes to the financial statements for the year ended 31 December 2022 (continued)

### 3. Operating profit

Operating profit is arrived at after charging:

	2022 £'000	2021 £'000
Depreciation of tangible fixed assets	543	609
Depreciation of right of use assets	34	18
	<u>577</u>	<u>627</u>

All auditor remuneration which occurs is borne by the parent, Augean Limited and is disclosed in its company financial statements.

### 4. Directors and employees

All Directors and employees of the Company are employed and remunerated by Augean Limited and recharged to the company in both years presented.

The average monthly number of employees analysed by function was:

	2022 Number	2021 Number
Sales	4	4
Operations	90	77
Administration	9	9
	<u>103</u>	<u>90</u>
	<u>103</u>	<u>90</u>
	2022 £'000	2021 £'000
Wages and salaries	3,926	3,168
Social security costs	400	305
Other pension costs	130	118
	<u>4,456</u>	<u>3,591</u>
	<u>4,456</u>	<u>3,591</u>

All directors and employees of the Company are employed and remunerated via Augean Limited.

There was £Nil (2021: £Nil) directors remuneration within the company in the year.

### 5. Finance charge

	2022 £'000	2021 £'000
Interest expense on lease liabilities	2	2
	<u>2</u>	<u>2</u>
	<u>2</u>	<u>2</u>

## Notes to the financial statements for the year ended 31 December 2022 (continued)

### 6. Tax

	2022 £'000	2021 £'000
<b>Current tax</b>		
United Kingdom corporation tax current tax on profit for the year	-	-
Adjustments in respect of prior years	-	-
	<u>-</u>	<u>-</u>
<b>Deferred tax</b>		
Charge in respect of the year	141	2
Adjustments in respect of prior years	24	7
	<u>165</u>	<u>9</u>
 Tax charge on the profit for the year	 <u>165</u>	 <u>9</u>

The Company has recognised a deferred tax asset as shown below:

Effects of:		
	2022 £'000	2021 £'000
Other timing differences	128	17
Capital allowances in excess of depreciation	-	276
	<u>128</u>	<u>293</u>

#### Tax reconciliation – continuing operations

	2022 £'000	2021 £'000
Profit on ordinary activities before tax	<u>1,505</u>	<u>1,333</u>
Expected tax at corporation tax rate of 19.00% (2021: 19%)	286	253
Effects of:		
Expenses not deductible for tax purposes	6	5
Permanent differences on capital allowances	(12)	(9)
Group relief	(95)	(134)
Adjustments in respect of prior years	24	7
Movement on unrecognised deferred tax	(62)	(62)
Rate change in deferred tax	18	(51)
Tax charge on profit for the year	<u>165</u>	<u>9</u>

#### Factors that may affect future tax charges

The UK government passed a Budget Resolution on 3 March 2021 to increase the corporation tax rate from 19% to 25% from 1 April 2023. Since this has been enacted at 31 December 2022, the unwinding of deferred tax temporary timing differences has been calculated at a blended rate of 24.51% (2021: 23.06%) to reflect the timing differences that are expected to reverse after this date.



# Notes to the financial statements for the year ended 31 December 2022 (continued)

## 7. Tangible assets

	Freehold land and buildings £'000	Plant & machinery £'000	Total £'000
<b>Cost</b>			
At 1 January 2022	2,895	18,604	21,499
Additions	33	880	913
Disposal	-	(45)	(45)
At 31 December 2022	<u>2,928</u>	<u>19,439</u>	<u>22,367</u>
<b>Depreciation</b>			
At 1 January 2022	1,504	17,645	19,149
Depreciation charged in year	33	510	543
Disposals	-	(45)	(45)
At 31 December 2022	<u>1,537</u>	<u>18,110</u>	<u>19,647</u>
<b>Net book value</b>			
At 31 December 2022	<u>1,391</u>	<u>1,329</u>	<u>2,720</u>
At 31 December 2021	<u>1,391</u>	<u>959</u>	<u>2,350</u>

Including within the closing cost of freehold land and buildings is land of £279k (2021: £279k) that is not depreciated.

Included within the closing cost are the follow assets that are under construction as at the year end:

	2022 £'000	2021 £'000
Freehold land and buildings	47	30
Plant & machinery	91	35
	<u>138</u>	<u>65</u>

There were outstanding contractual commitments for acquisition of property, plant and equipment of £143,000 at 31 December 2022 (2021: £61,000).

## 8. Stocks

	2022 £'000	2021 £'000
Stocks	<u>166</u>	<u>317</u>

Stocks relates to oil stocks held for resale, lagoon sludge for the stabilisation of APCr and critical engineering spares.

## Notes to the financial statements for the year ended 31 December 2022 (continued)

### 9. Debtors

	2022 £'000	2021 £'000
<b>Debtors due within one year</b>		
Trade debtors	10,252	10,747
Prepayments and other debtors	44	146
Contract assets	18	29
	<u>10,314</u>	<u>10,922</u>

All of Augean Treatment Limited's trade and other debtors have been reviewed for indicators of impairment. The carrying value of trade receivables is considered a reasonable approximation of fair value.

### 10. Creditors due within one year

	2022 £'000	2021 £'000
Trade creditors	1,338	1,024
Accruals	2,325	2,464
Other taxes and social security costs	2,658	1,826
Amounts payable to group companies	36,972	39,797
	<u>43,293</u>	<u>45,111</u>

The carrying values are considered to be a reasonable approximation of fair value.

The amounts payable to group companies are due on demand and are non-interest bearing.

# Notes to the financial statements for the year ended 31 December 2022 (continued)

## 11. Right of use assets

The nature of the Company's leasing activities are recognised in the Statement of financial position as right of use assets as follows:

	Plant and machinery £'000	Land and buildings £'000	Total £'000
<b>Cost</b>			
At 1 January 2022	-	93	93
Additions	71	-	71
At 31 December 2022	<u>71</u>	<u>93</u>	<u>164</u>
<b>Depreciation</b>			
At 1 January 2022	-	53	53
Charged in the year	16	18	34
At 31 December 2022	<u>16</u>	<u>71</u>	<u>87</u>
<b>Net book value</b>			
At 31 December 2022	<u>55</u>	<u>22</u>	<u>77</u>
At 31 December 2021	<u>-</u>	<u>40</u>	<u>40</u>

Lease liabilities are presented in the statement of financial position as follows:

	Plant and machinery £'000	Land & buildings £'000	Total £'000
At 1 January 2021	-	59	59
Interest expense	-	2	2
Lease payments		(21)	(21)
At 1 January 2022	<u>-</u>	<u>40</u>	<u>40</u>
Additions	71	-	71
Interest expense	1	1	2
Lease payments	(17)	(19)	(36)
At 31 December 2022	<u>55</u>	<u>22</u>	<u>77</u>

## Notes to the financial statements for the year ended 31 December 2022 (continued)

### 11. Right of use assets (continued)

The expense charged to the P&L in relation to low value assets is £nil (2021: £nil). The expense relating to variable lease payments not included in the measurement of lease liabilities is £nil.

The Company have not taken or accounted for any right of use Covid-19 rent concessions during 2022 (2021: None).

No income is made by directly subleasing right of use assets. There are no residual value guarantees, sale and leaseback arrangements, restrictions imposed by leases or uncommenced leases to which the Company is committed.

Where practicable, the Company seeks to include extension options in new leases to provide operational flexibility. There are no leases within the Company where any extension options have not been included within the lease liability at inception

The maturity of the Company's lease liabilities is as follows:

	<b>2022 Discounted</b>	<b>2022 Undiscounted</b>	<b>2021 Discounted</b>	<b>2021 Undiscounted</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Up to 3 months	11	11	5	5
Between 3 and 12 months	33	34	13	15
<b>Total due within 1 year</b>	<b>44</b>	<b>45</b>	<b>18</b>	<b>20</b>
Between 1 and 2 years	26	27	20	20
Between 2 and 5 years	6	6	2	2
Over 5 Years	-	-	-	-
<b>Total due after 1 year</b>	<b>32</b>	<b>33</b>	<b>22</b>	<b>22</b>
<b>Total</b>	<b>76</b>	<b>78</b>	<b>40</b>	<b>42</b>

The undiscounted amounts above represent the undiscounted cashflows gross of interest. The weighted average incremental borrowing rate applied to new lease liabilities was 3% (2021: 3%).

## Notes to the financial statements for the year ended 31 December 2022 (continued)

### 12. Share capital

	2022 £'000	2021 £'000
<b>Allotted, called up and fully paid</b>		
10,368 ordinary shares of 10p each	1	1

### 13. Contingent liabilities

A cross guarantee has been given by the Company to National Westminster Bank PLC in favour of Eleia Limited and other group company members. At 31 December 2022, bank borrowings of group company members covered by the Company's cross guarantee amounted to £129,800,000 (2021: £125,000,000). The assets of the company are subject to the following legal charges:

- a fixed legal charge on the share capital, bank accounts and intra-group loan agreements; and
- a floating legal charge on all other assets held within the company.

### 14. Related party transactions

As permitted by FRS 101 related party transactions with wholly owned members of Eleia Limited have not been disclosed.

### 15. Parent undertaking

The immediate parent company is Augean Limited, which is registered in England and Wales. At 31 December 2022, the company's ultimate parent company was Eleia Topco Limited, incorporated and registered in the England and Wales.

The largest group of undertakings for which group accounts are drawn up and of which the company is included is the group headed by Eleia Topco Limited. The smallest such group is the group headed by Eleia Limited. The registered office of Eleia Topco Limited is C/O Ancala Partners LLP King's House, 36-37 King Street, London, EC2V 8BB and the registered office of Eleia Limited is 4 Rudgate Court, Walton, Wetherby, West Yorkshire, LS23 7BF.

Copies of the financial statements of Eleia Limited and Eleia Topco Limited are available on request from the company's registered office.

Eleia Topco Limited is jointly controlled by funds managed by Ancala Partners LLP, and Fiera Infrastructure Inc.