

Company Registration No. 05056437

WRG Acquisitions 2 Limited

**Annual report and financial statements
for the year ended 31 December 2020**



WRG Acquisitions 2 Limited

Annual report and financial statements 2020

Contents	Page
Officers and professional advisers	1
Strategic report	2
Directors' report	7
Independent auditor's report	13
Statement of comprehensive income	16
Balance sheet	17
Statement of changes in equity	18
Notes to the financial statements	19

WRG Acquisitions 2 Limited

Annual report and financial statements 2020

Officers and professional advisers

Directors

P Taylor
V F Orts-Llopis
A Serrano Minchan

Registered Office

Ground Floor West
900 Pavilion Drive
Northampton Business Park
Northampton
NN4 7RG

Auditor

Deloitte LLP
Statutory Auditor
1 City Square
Leeds
LS1 2AL
United Kingdom

WRG Acquisitions 2 Limited

Strategic report

The Directors present their strategic report on the affairs of WRG Acquisitions 2 Limited (“the Company”) for the year ended 31 December 2020.

Overview of Group

The Company is a direct subsidiary of FCC Environment (UK) Limited and its ultimate parent is Fomento de Construcciones y Contratas, S.A. (“FCC”). FCC is a significant multi-national business listed on the Madrid stock exchange with operations in Europe, America, Africa, and the Middle East. FCC is among the top global players that deliver Environmental Services (including water and waste management), and has implemented a balanced business model, combining other activities such as Construction, Cement and Real Estate.

FCC’s financial capacity and depth of experience in the European waste infrastructure sector is backed by over 100 years of experience in operating municipal services contracts. This complements both the position of the Company and its 39 fellow subsidiaries (together the “Group” or “FCC E UK”) as a leading waste management, recycling and renewable energy business, and the Group’s ambition to maintain its position as a significant player in establishing the next generation of waste treatment infrastructure in the UK. The core services provided by the Group are fully aligned with FCC’s strategic growth plans. The Group is ideally placed to take advantage of local opportunities to provide the services and infrastructure required by the UK, to meet existing legislative framework and emerging proposals to promote circular economy infrastructure, by recognising the true value of the materials we handle. The Board continues to look forward to the opportunities that are presented to the Group and its employees by virtue of FCC’s plans to expand and embed its operations in the UK.

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 waste infrastructure to support sustainable waste management and strategic long-term partnerships as key to the Group’s future business growth. It anticipates continuous activity and deployment of Group resources into recycling facilities, renewable energy projects, the development of innovative waste treatment solutions and the provision of regional waste management services and facilities. Energy from Waste (“EfW”) is a key component of the UK’s waste and resource strategy and, in combination with other treatment, recycling and recovery operations, backed up by landfill disposal for residues, 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 principal activity of the Company during the year ended 31 December 2020 was that of an investment holding company.

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.

The Group is a key player within the municipal waste management sector, with over 60 Local Authority clients across England, Wales and Scotland.

The Group provides a diverse range of cost effective and sustainable waste processing, recycling, treatment, disposal and energy recovery services for Local Authority and private commercial customers. During 2020, the Group received, treated, recycled and disposed of 6.7million (2019: 7.3million) tonnes of household, commercial and industrial waste and managed around 160 operational waste management facilities. Through innovative solutions, the Group is committed to working with its Local Authority partners and industrial and commercial customers to respond to often complex and far-reaching waste management strategies, to meet the challenges of increased regulation from the UK and EU, and to improve upon waste management targets.

WRG Acquisitions 2 Limited

Strategic report

Business review

The Directors consider that the Company's business performance during the year was satisfactory.

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

In 2020, FCC undertook an internal reorganisation of its UK Environment Division which culminated in the formation of a new EfW sub-group under Green Recovery Projects Limited ("GRP"). This consisted of grouping FCC's five EfW plants (Allington, Eastcroft, Lincoln, Millerhill at Edinburgh & Midlothian and Greatmoor in Buckinghamshire) and their related SPV companies under a single parent company to form a new platform for growth.

Following the re-organisation, GRP's owner, FCC Medio Ambiente Reino Unido SLU, sold a 49% stake in GRP to iCON Infrastructure.

Covid-19 was declared a global pandemic on 11 March 2020 by the World Health Organisation and measures taken by governments around the world including the UK to combat this public health emergency have had far reaching implications on peoples' lives, economies and businesses. As a designated 'Key Worker' and provider of essential public services, the Group showed in 2020 that it is well placed to weather the current period of uncertainty. Further details of the measures taken by the Group to mitigate the crisis are described in the principal risks and uncertainties section on pages 4-5 whilst further details of the Directors' careful considerations of the impact on future trading are set out in the going concern considerations in note 2.

Results, dividends and key performance indicators

The results for the year ended 31 December 2020 are set out on page 16. The profit (2019: profit) for the financial year ended 31 December 2020 amounted to £0.7million (2019: £0.8million profit). The Company did not pay an interim dividend during the year (2019: £nil) and furthermore, the Directors do not recommend the payment of a final dividend (2019: £nil). The profit (2019: loss) for the financial year has been transferred to (2019: transferred to) reserves, resulting in a corresponding decrease (2019: decrease) in total shareholders' deficit.

FCC E UK manages its operations on a divisional basis and information regarding key performance indicators is included within the FCC E UK annual report. For this reason, the Company's Directors believe that the disclosure of further financial and non-financial 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 E UK annual report can be obtained from the address in note 13.

Future trends and developments

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.

WRG Acquisitions 2 Limited

Strategic report

Future trends and developments (continued)

At FCC UK, we wholeheartedly support the drive to more and better resource efficiency by reducing waste at source where possible – including the prevalence of single use plastics, reusing what we can and recycling valuable commodities. EfW is currently the best available and best proven technology to recover maximum value from end-of-life waste as an alternative to landfill. In doing so, EfW is contributing to reductions in landfill emissions, while also producing electricity – with the potential for heating local communities. The Group will also continue to pursue its stated four prong strategy of owning the waste, maximising the value of resource and investment in alternative waste treatment infrastructure and energy recovery technology whilst promoting the reduction of our carbon footprint.

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:** Covid-19 was declared a global pandemic on 11 March 2020 by the World Health Organisation and measures taken by governments around the world including the UK to combat this public health emergency have had far reaching implications on peoples' lives, economies and businesses. As a designated 'Key Worker' and provider of essential public services, the Group continued, where possible, to provide first class services at that difficult time. In response to the crisis, the Group established a Covid-19 committee consisting of the Group's executive management team whilst the Group also participated in a wider FCC global response committee. The team had regular virtual meetings during the crisis with the welfare of employees, customers, suppliers and other stakeholders visiting our sites, the primary concern. The committee considered and ensured the practical implementation of government guidelines and also managed the operational and financial implications for the business. Consideration of the impact on the Group and Company's going concern status is set out in note 2
- **Environmental risks:** The Group's environmental risks are tightly controlled under environmental legislation enforced principally by the Environment Agency ("EA"), Scottish Environment Protection Agency ("SEPA") and Natural Resources Wales ("NRW"). 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 Director'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.
- **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.

WRG Acquisitions 2 Limited

Strategic report

Principal risks and uncertainties (continued)

- **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, FCC E UK therefore actively lobbies for its interests at European, national and regional levels through trade associations and federations.
- **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. Reduced global demand for recyclates continues to suppress pricing and Brexit effects on exchange rates have impacted pricing of Refuse Derived Fuel (RDF) exports into mainland Europe. In addition, the decision to leave the European Union has resulted in a period of uncertainty for the UK economy and increased volatility in financial markets. We have reviewed the potential impacts and consider that we have sufficient mitigations in place. The Group's strategy is focused on growing through recycling and EfW where margins are generally higher than traditional landfill.
- **Litigation:** The Group is 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 loss of key employees or the inability to hire experienced management personnel could have a materially adverse effect on the business. To manage this risk, succession planning for senior positions within the Group is undertaken. In addition, the Group has the benefit of being able to draw on wider resources from within the FCC Group.
- **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 plans

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. Due to the nature of the Company's activities and the assets contained within the Company's balance sheet, the only financial risks the Directors consider relevant to the Company are credit and liquidity risk.

Credit and liquidity risk

The Company's exposure to credit and liquidity risk is reduced as it is a wholly owned subsidiary of FCC E UK and participates in a cash-pooling agreement with the other members of the Group.

Credit risk arises from the risk of having credit exposures to customers, including outstanding receivables. The Company reviews the credit ratings of all significant customers regularly and continues to monitor the quality of debtor balances on an ongoing basis. Liquidity risk is the risk that the Company does 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.

WRG Acquisitions 2 Limited

Strategic report

Going concern

The Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Thus 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.

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 in 2020 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.

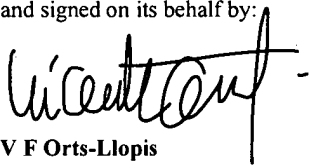
Details of our strategy are set out on page 2 of the Strategic report and page 8 of the Directors' report. The Strategic report highlights performance in the year against that strategy together with future trends and developments.

The employees section of the Directors' report describes actions taken by the Board to promote the interests of its employees together with the Board's attitude to maintaining the highest standards of honesty, openness and accountability of its employees to ensure that high standards of business conduct are maintained. 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.

Open, constructive dialogue with our employees and other 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. Whilst the Board has overall responsibility for managing relationships with all our stakeholders, the day to day relationships are mainly managed through divisional senior management teams supervised principally through monthly management meetings between the divisional senior management teams and the UK based executive directors.

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 page 4.

Approved by the Board of Directors
and signed on its behalf by:



V F Orts-Llopis
Director

20 September 2021

WRG Acquisitions 2 Limited

Directors' report

The Directors present their annual report and the audited financial statements of the Company for the year ended 31 December 2020. 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 2020 and up to the date of this report:

P Taylor
V F Orts-Llopis
A Serrano Minchan

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 pages 3-4.

Statement of Corporate Governance

Section 172 Companies Act 2006 recognises the position of trust that a director holds with regards to broader stakeholder interests when carrying out their duties to promote the success of the company.

For the year ended 31 December 2020, 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 ('FRC') 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.

As one of the UK's most trusted resource and waste management businesses, we are helping shape the policy landscapes, ensuring that our people, systems and strategy remain innovative and focused on delivering excellence.

The Company shares in common its Chief Executive Officer and Chief Financial Officer with the FCC E UK Group and FCC's wider UK Environment business. As a result, there is uniformity and consistency of strategy, policies, procedures and decision making across FCC's integrated UK Environment business. 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 FCC UK Environment business subsidiary and therefore some narrative may not be directly relevant to the Company.

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. FCC is uniquely placed to provide services in an ever changing waste sector. With a clear focus on releasing the full potential from the resources it collects, the business continues to focus on greater volumes of recycling and the generation of green energy in line with Government policy.

FCC has invested in a wide range of waste management facilities that aim to minimise the amount of waste disposed of at landfill sites by processing the material to ensure it reaches its full potential as a valuable energy resource.

In 2020, FCC collected waste and recycling material from 1.3 million UK citizens and generated 117MW of green energy from 1.8m tonnes of waste that could not be recycled.

Principal significant events that took place in 2020 were the United Kingdom's departure from the European Union and the emergence of the coronavirus pandemic. The projected impact of the UK's departure from the EU varied amongst different stakeholder groups. In the period immediately after 1st January 2020 and leading up to 31st December 2020, engagement was undertaken with all affected stakeholder groups including employees, supply chain partners with import/export activities and customer groups to identify potential impact, develop and implement appropriate action plans.

WRG Acquisitions 2 Limited

Directors' report

Statement of Corporate Governance (continued)

Principle 1 – Purpose and Leadership (continued)

In considering the impact of coronavirus upon our stakeholders, our principal concern was and remains, the wellbeing of our employees and the communities within which they undertake their tasks. Significant and continuous engagement, planning, re-engineering, monitoring and review was undertaken throughout the year with all of our stakeholders to ensure that the wellbeing of employees and communities was prioritised and protected whilst mitigating the impact upon the essential services we provide, and in particular those which have an impact upon public health.

As described on page 2, the Group's strategy and core services are fully aligned with FCC's strategic growth plans.

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, the Chief Financial Officer and a senior executive from the FCC parent company to ensure that the effectiveness and accountability of the Board fulfils the strategic needs of the Company and the wider FCC Group.

It leads and provides direction by promoting effective decision making and supports the delivery of the Company's strategy.

Our Senior Management Team, with its extensive expertise, skills and professional backgrounds, provides the leadership assurance that the activities within our various business divisions' are aligned to our strategic goals. Each division of the Company is headed up by a member of the Senior Management Team ("SMT"), with the expertise to allow them to independently, effectively and objectively focus on the issues specific to their division.

The Board receives monthly updates from the SMT providing an overview of each division both in terms of performance and strategy but also issues relating to safety, staffing, environment, recycling, contracts and wider stakeholder matters.

With the expectation that the year ahead will continue to be impacted by challenging external factors, the Board will continue to work with the SMT to deliver on our strategic goals whilst ensuring that we continue to safeguard our business, and the wellbeing of our employees, customers, partners and communities.

Principle 3 – Directors Responsibilities

The Board supports our talented workforce, and upholds our commitment to sustainability. The Board agrees, and has the collective responsibility for the strategy of the Group, which is outlined in our strategic report on page 2. The SMT team oversee the day to day responsibilities and opportunities of our exceptional workforce.

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

These values are the most important hallmarks of our Group, whose 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, contributing to improving the quality of the life of employees and the sustainable progress of society.

FCC continues to put its people first when it comes to their health, safety and wellbeing. In order to measure this, we use software to run monthly engagement surveys. Despite the pandemic and the introduction of new ways of working, our score has risen and averaged 8.3/10 during 2020. This puts us in the top 10% of energy and utility businesses for employee satisfaction.

The Directors at FCC, together with the SMT never lose sight of the potential hazards that exist in the workplace and the importance of keeping ourselves, our customers and our visitors safe and they are at the centre of the business values.

WRG Acquisitions 2 Limited

Directors' report

Statement of Corporate Governance (continued)

Principle 3 – Directors Responsibilities (continued)

In 2020, the directors approved a new Code of Ethics and Conduct suite, providing practical insight into the values shared across the FCC Group to enable a more robust culture of compliance and supporting the creation of long term value for our project.

The purpose of the Code of Ethics and Conduct is to encourage all persons having links with any FCC Group company to observe the most stringent conduct guidelines in their commitment to complying with laws, legislation, contracts, procedures and ethical principles.

Our conduct guidelines in the Code of Ethics and Conduct also apply to all investees and entities in which the FCC Group exercises control over management. The FCC Group also encourages its investees, even when not under the group's control, providers, contractors, collaborators and other partners to adopt principles and values similar to ours.

Principle 4 – Opportunity & Risk

FCC is committed to managing waste and resources in the best way possible, recycling what we can and extracting value, in the form of energy from the residual waste.

In 2020, FCC entered into a new investment partnership with iCON Infrastructure LLP, 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 will put 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 partnership involved the formation of a new company, Green Recovery Projects, which provides our business with a platform from which to grow our energy assets.

Operating in the UK's highly regulated waste management market, presents numerous risks and uncertainties to the Group. The principal risks and uncertainties affecting the Group and set out in detail on pages 4-5 of the Strategic Report.

The Board has developed and implemented risk management policies and procedures that promote a robust control environment at all levels of the organisation. The Senior Management Team ensures the right level of diligence, and robust measures are in place to identify risks and assess, consider, manage and prioritise any impact.

Principle 5 – Remuneration

The remuneration of the FCC UK Board members is controlled by its parent company, Fomento de Construcciones y Contratas, S.A. The regulations of the Board of Directors stipulates that the remuneration of directors should be in reasonable proportion to the importance of the company, its economic situation at all times and the market standards for comparable companies. The aim of the established remuneration system is to promote the long-term profitability and sustainability of the company, and should include the necessary precautions to avoid excessive risk taking and reward for unfavourable results.

The Board promote appropriate and fair levels of remuneration to attract and retain the best talent and create a business culture that promotes business stability, sustainable growth and the long term success of the Group.

From April 2017, the Government introduced gender pay gap reporting for all companies with more than 250 employees. The gender pay gap shows the difference between the average hourly pay for men and women across all ages' roles and levels. The gender pay gap differs from equal pay, which is the right for men and women to be paid at the same rate of pay for work of equivalent value. Our latest gender pay gap data for 2019 slightly favoured men with a mean of 2.44% and a median of 0.26%.

WRG Acquisitions 2 Limited

Directors' report

Statement of Corporate Governance (continued)

Principle 6 – Stakeholders

The Board is committed to promoting accountability and transparency with all stakeholders, 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, and our commitments to the safety and wellbeing of our employees.

FCC's UK Environment business which includes the Company has:

- Over 2,450 employees (nil in the Company)
- 100 major contracts with a total of 60 local authorities
- 280 UK sites of which 166 are operational
- 7 PFI and PPP Contracts
- 6,000 business waste customer agreements
- 3,500 customer accounts

Stakeholders are at the forefront of our business. Liaison with trade customers, partner councils and local authorities is fundamental to ensuring that we understand their needs and continue to deliver the services that they require. Engagement with regulatory bodies is critical to ensuring that we manage the risks set out on pages 4-5 of the Strategic report and remain compliant with applicable laws and regulations.

The Group operates five EFWs, four of which have visitor centres which run educational visits for schools, colleges, universities and clubs. They also run community liaison meetings and engage with local business groups. The sites also engage in outreach visits in which the visitor centre managers and various staff visit the schools and colleges and even attended the Buckinghamshire Skills Show careers conference.

In 2020, the Company engaged with various stakeholders and below are some examples:

FCC Communities Foundation, is a not for profit business that awards grants to communities, environmental and heritage projects through the Landfill Communities Fund and the Scottish Landfill Communities Fund. Funding is donated by FCC as part of the voluntary environmental tax credit scheme to divert a small percentage of landfill tax to projects in England and Scotland.

There are two grant programmes:

- FCC Community Action Fund (CAF) – for projects in England, this programme has 4 rounds per year. Applicants can apply for funding of between £2,000 and £100,000 and the total project cost must not exceed £500,000.

184 applicants applied for CAF funding during 2020 and 111 projects were awarded funding totalling £5,537,205.

- FCC Scottish Action Fund (SAF) – for projects based in Scotland, this programme has 2 rounds per year. Applicants can apply for funding of between £2,000 and £40,000 and the total project cost must not exceed £250,000.

35 Applicants applied for SAF funding during 2020 and 23 projects were awarded funding totalling £658,947.

In March 2020, and in line with Government Guidelines, FCC's workforce was identified as key workers, providing support during the pandemic.

Working closely with councils, some of the FCC managed Household Waste Recycling Centres were temporarily closed to the general public. During this period, FCC were in daily contact with customers, managing the considerable number of enquiries.

Throughout April, our key workers involved with most of our contracts were recognised by the public and rewarded with drawings, messages and Easter eggs. In Devon, the local gin maker supported our workers by gifting the crews with hand sanitiser made at the distillery.

WRG Acquisitions 2 Limited

Directors' report

Statement of Corporate Governance (continued)

Principle 6 – Stakeholders (continued)

In East Northamptonshire, FCC joined the 'Let's Spread Some Sunshine' campaign. The local children left a drawing on their bin, and in turn they were rewarded with a packet of seeds to grow sunflowers. The winner with the tallest sunflower was awarded a prize from us. FCC rolled out the 'Let's Spread Some Sunshine' campaign across various counties in May and allowed lots of children the pleasure of colouring in beautiful pictures which were then displayed on many of our sites and trucks also ensuring the children were kept busy with their green fingers watching the seeds of their labours flourish. Finally in November, three green fingered East Northamptonshire youngsters were presented with vouchers for growing their sunflowers and spreading the sunshine this summer. The winner was a 2 year old who grew his sunflower to a whopping 276 centimetres tall. He won a £75 Amazon voucher, with second and third place winning Amazon vouchers worth £50 and £25 respectively.

As our sites started to re-open, local residents were met with enhanced health and safety measures and with close corroboration with the local councils, various additional measures were put in place, including booking systems and traffic management systems to control the unprecedented demand and traffic queues into our sites.

Also in May, households across the East of England were invited to join a celebration of key waste and recycling workers in the region. The Norwich based National Centre for Writing, teamed up with FCC to commission an award winning performance-poet, Luke Wright, to write a poem in praise of the thousands of people who continue to collect and manage waste during lockdown.

In August 2020, FCC's recycling centres in Wigan were offering local residents a unique opportunity to have their unwanted garden tools restored and then donated to worthwhile causes. The Tool Shed Project takes unwanted garden tools and then sends them off to be refurbished at Garth Prison near Leyland. The tools are then restored in the prison workshops, helping to equip inmates with skills they can use in the future.

In October 2020 Her Royal Highness the Princess Royal, visited Bletchley Park Trust and met with staff, volunteers and funders, including representatives from FCC and FCC Environment Communities Foundation. Bletchley Park had received confirmation of funding from FCC Communities Foundation in 2019 for the next phase of development, creating new exhibition spaces, a Collection Centre and a Learning Facility as part of a long standing ambition to preserve and enhance Bletchley Park as a world class visitors attraction.

WRG Acquisitions 2 Limited

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 FRS 101 "Reduced Disclosure Framework".

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

- select suitable accounting policies and then apply them consistently;
- make judgments 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.

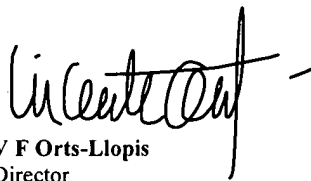
The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies 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.

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

20 September 2021

WRG Acquisitions 2 Limited

Independent auditor's report to the members of WRG Acquisitions 2 Limited

Report on the audit of the financial statements

Opinion

In our opinion the financial statements of WRG Acquisitions 2 Limited (the 'company'):

- give a true and fair view of the state of the company's affairs as at 31 December 2020 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 101 "Reduced Disclosure Framework; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the statement of comprehensive income;
- the balance sheet;
- the statement of changes in equity; and
- the related notes 1 to 13.

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 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 Financial Reporting Council's (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 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 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 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.

WRG Acquisitions 2 Limited

Independent auditor's report to the members of WRG Acquisitions 2 Limited

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.

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

Extent to which 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 material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

We considered the nature of the company's industry and its control environment, and reviewed the company's documentation of their policies and procedures relating to fraud and compliance with laws and regulations. We also enquired of management, internal audit and those charged with governance about their own identification and assessment of the risks of irregularities.

We obtained an understanding of the legal and regulatory framework that the company operates in, and identified the key laws and regulations that:

- had a direct effect on the determination of material amounts and disclosures in the financial statements. These included UK Companies Act, tax legislation; and
- do not have a direct effect on the financial statements but compliance with which may be fundamental to the company's ability to operate or to avoid a material penalty. These included GDPR.

We discussed among the audit engagement team including relevant internal specialists such as tax, valuations, IT, financial instruments and pensions regarding the opportunities and incentives that may exist within the organisation for fraud and how and where fraud might occur in the financial statements.

In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override. In addressing the risk of fraud through management override of controls, we tested the appropriateness of journal entries and other adjustments; assessed whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluated the business rationale of any significant transactions that are unusual or outside the normal course of business.

WRG Acquisitions 2 Limited

Independent auditor's report to the members of WRG Acquisitions 2 Limited

In addition to the above, our procedures to respond to the risks identified included the following:

- reviewing financial statement disclosures by testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- enquiring of management, internal audit and in-house legal counsel concerning actual and potential litigation and claims, and instances of non-compliance with laws and regulations; and
- reading minutes of meetings of those charged with governance.

Report on other legal and regulatory requirements

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 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 any material misstatements in the strategic report or the directors' report.

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required to report in respect of the following matters 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.

We have nothing to report in respect of these matters.

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.

Debitte CP

David Johnson B.A., F.C.A. (Senior Statutory Auditor)
For and on behalf of Deloitte LLP
Statutory Auditor
Leeds, United Kingdom
20 September 2021

WRG Acquisitions 2 Limited

Statement of comprehensive income For the year ended 31 December 2020

	Notes	2020 £'000	2019 £'000
Impairment of investments		-	-
Result before taxation	4	-	-
Income tax	6	698	774
Profit for the year		<u>698</u>	<u>774</u>

There was no other comprehensive income in the year.

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

WRG Acquisitions 2 Limited

Balance sheet As at 31 December 2020

	Note	2020 £'000	2019 £'000
ASSETS			
Non-current assets			
Investments	7	30,862	30,862
Current assets			
Trade and other receivables	8	1,472	-
TOTAL ASSETS		32,334	30,862
EQUITY			
Share capital	10	37,000	37,000
Retained earnings		(180,466)	(181,164)
TOTAL EQUITY		(143,466)	(144,164)
LIABILITIES			
Current liabilities			
Trade and other payables	9	175,800	175,026
TOTAL LIABILITIES		175,800	175,026
TOTAL EQUITY AND LIABILITIES		32,334	30,862

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

The financial statements of WRG Acquisitions 2 Limited, registered number 05056437 were approved by the Board of Directors and authorised for issue on 20 September 2021. They were signed on its behalf by:



V F Orts-Llopis
Director

WRG Acquisitions 2 Limited

Statement of changes in equity For the year ended 31 December 2020

	Share capital £'000	Retained earnings £'000	Total £'000
Year ended 31 December 2020			
At 1 January 2020	37,000	(181,164)	(144,164)
Profit for the year and total comprehensive income	-	698	698
	<u>37,000</u>	<u>(180,466)</u>	<u>(143,466)</u>
At 31 December 2020			
Year ended 31 December 2019			
At 1 January 2019	37,000	(181,938)	(144,938)
Profit for the year and total comprehensive income	-	774	774
	<u>37,000</u>	<u>(181,164)</u>	<u>(144,164)</u>
At 31 December 2019			

WRG Acquisitions 2 Limited

Notes to the financial statements For the year ended 31 December 2020

1. Corporate information

WRG Acquisitions 2 Limited 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 Directors' 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 WRG Acquisitions 2 Limited 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*; and
 - 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 E UK group financial statements, copies of which are available from its registered office at Ground Floor West, 900 Pavilion Drive, Northampton Business Park, Northampton, NN4 7RG.

WRG Acquisitions 2 Limited

Notes to the financial statements For the year ended 31 December 2020

2. Accounting policies (continued)

New Standards and amendments to Standards and Interpretations that became mandatory for the first time for the financial year beginning 1 January 2020 are listed below. The amendments had no material impact on the Company's results.

- Amendments to References to the Conceptual Framework in IFRS Standards IFRS 2, IFRS 3, IFRS 6, IAS 1, IAS 8, IAS 34, IAS 37, IAS 38, IFRIC 12, IFRIC 19, IFRIC 20, IFRIC 22 and SIC-32 (mandatory for the year commencing on or after 1 January 2020);
- Amendments to IFRS 3 Business Combinations to clarify the definition of a business (mandatory for the year commencing on or after 1 January 2020);
- Amendments to IFRS 7 Financial Instruments: Disclosures, IFRS 9 Financial Instruments and IAS 39 Financial Instruments: Recognition and Measurement regarding Interest Rate Benchmark Reform (mandatory for the year commencing on or after 1 January 2020);
- Amendments to IAS 1 Presentation of Financial Statements and IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors to clarify the definition of material (mandatory for the year commencing on or after 1 January 2020).

Going concern

The financial statements have been prepared on a going concern basis, notwithstanding net liabilities at 31 December 2020 of £143.5million. The Directors believe the going concern basis to be appropriate because the Company's balance sheet contains only investments in subsidiary undertakings and intercompany balances of which the Group Company has committed not to demand repayment within the going concern assessment period.

In light of the Covid-19 pandemic, the Directors have considered the impact that has been experienced by the Group over the past year with customers, suppliers, employees and other stakeholders as well as the impact on operating cash flows. The Directors have also performed and carefully considered a number of different forecast scenarios of varying severity to stress test the resilience of the Group's cash flows and trading performance. All scenarios provided sufficient comfort to the Directors.

Reclassification of comparative balances

Balance sheet

The Company has changed the format of its balance sheet as at 31 December 2020, applying paragraph 1A(1) of the Accounting Regulations to adapt the statutory balance sheet formats, and in doing so more closely aligning with the format adopted by FCC.

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.

Investments

In the Company balance sheet, investments including investments in associates are measured at cost less impairment.

Impairment of assets

Assets are assessed for indicators of impairment at each balance sheet date. If there is objective evidence of impairment, an impairment loss is recognised in comprehensive income as described below.

Non-financial assets

An asset is impaired where there is objective evidence that, as a result of one or more events that occurred after initial recognition, the estimated recoverable value of the asset has been reduced. The recoverable amount of an asset is the higher of its fair value less costs to sell and its value in use.

WRG Acquisitions 2 Limited

Notes to the financial statements For the year ended 31 December 2020

2. Accounting policies (continued)

Impairment of assets (continued)

Where indicators exist for a decrease in impairment loss, the prior impairment loss is tested to determine reversal. An impairment loss is reversed on an individual impaired asset to the extent that the revised recoverable value does not lead to a revised carrying amount higher than the carrying value had no impairment been recognised. Where a reversal of impairment occurs in respect of a CGU, the reversal is applied first to the assets (other than goodwill) of the CGU on a pro-rata basis and then to any goodwill allocated to that CGU.

Financial assets

For financial assets carried at amortised cost, the amount of an impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

For financial assets carried at cost less impairment, the impairment loss is the difference between the asset's carrying amount and the best estimate of the amount that would be received for the asset if it were to be sold at the reporting date.

Where indicators exist for a decrease in impairment loss, and the decrease can be related objectively to an event occurring after the impairment was recognised, the prior impairment loss is tested to determine reversal. An impairment loss is reversed on an individual impaired financial asset to the extent that the revised recoverable value does not lead to a revised carrying amount higher than the carrying value had no impairment been recognised.

Taxation

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 income statement.

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.

WRG Acquisitions 2 Limited

Notes to the financial statements For the year ended 31 December 2020

2. Accounting policies (continued)

Exceptional items

Exceptional items are defined as material items which derive from events or transactions that fall within the ordinary activities of the company and which individually or, if of a similar type, in aggregate, need to be disclosed by virtue of their size or incidence if the financial statements are to give a true and fair view.

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.

- **Fixed asset investments** – Fixed asset investments are tested for impairment on a value in use basis using business valuations of the subsidiaries, where available, or the Directors' current estimate of the medium-term forecasts. 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. Actual future cash flows could vary from those estimated. Factors such as closure of facilities and declining volumes could result in lower expected future cash flows or impairment. Management review and update the discount rates used annually. The discount rates used may also have an impact on the estimation of future cash flows.

4. Result before taxation

Result before taxation is stated after charging:

	2020 £'000	2019 £'000
Impairment of fixed asset investments	-	-

Auditor's remuneration in respect of audit fees totalling £1,000 (2019: £1,000) has been met by FCC Recycling (UK) Limited, a fellow subsidiary undertaking of FCC E UK.

In accordance with SI 2008/489 the company has not disclosed the fees payable to the company's auditor for 'Other services' as this information is included in the consolidated financial statements of FCC E UK.

5. Directors' remuneration and transactions

None of the Directors received any remuneration or other benefits through the Company during the year ended 31 December 2020 or the previous financial year.

They are all remunerated as directors or employees of FCC E UK for services to the Group as a whole and as such it is not possible to directly attribute any element of their remuneration to services as a director of this Company. The Directors received total remuneration of £617,000 for services to the Group as a whole in the year ended 31 December 2020 (2019: £639,000). Certain Directors were remunerated by fellow subsidiary companies of FCC without recharge to the Group.

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

WRG Acquisitions 2 Limited

Notes to the financial statements For the year ended 31 December 2020

6. Tax on result

The tax position comprises:

	2020 £'000	2019 £'000
Current tax		
United Kingdom corporation tax at 19% (2019: 19%) based on result for the year	(698)	(774)

Deferred tax

Finance Act 2016 had previously enacted provisions to reduce the main rate of UK corporation tax to 17% from 1 April 2020 and accordingly the deferred tax at 31 December 2019 had been calculated at this rate. However, in the March 2020 Budget it was announced that the reduction will not occur and the Corporation Tax Rate will be held at 19%. The Provisional Collection of Taxes Act was used to substantively enact the revised 19% tax rate on 17 March 2020 and accordingly the deferred tax balances have been re-calculated to 19% at the year end.

The March 2021 Budget announced a further increase to the main rate of corporation tax to 25% from April 2023. This rate has not been substantively enacted at the balance sheet date, as result deferred tax balances as at 31 December 20 continue to be measured at 19%.

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

The total tax position for both the current and previous year differs from the average standard rate of 19% (2019: 19%) for the reasons set out in the following reconciliation:

	2020 £'000	2019 £'000
Result before tax	-	-
Tax on result at average standard rate	-	-
Effects of:		
Expenses not deductible for tax	(698)	(774)
Total tax credit	(698)	(774)

7. Fixed asset investments

	Total £'000
Cost	
At 1 January 2020 and 31 December 2020	214,052
Provisions	
At 1 January 2020 and 31 December 2020	183,190
Net book value	
At 31 December 2020	30,862
At 31 December 2019	30,862

WRG Acquisitions 2 Limited

Notes to the financial statements For the year ended 31 December 2020

7. Fixed asset investments (continued)

The Company has an interest in the issued ordinary share capital of the following companies:

Company	Incorporated	Nature of business	Proportion of voting rights and shares held
Waste Recycling Group (UK) Limited	England and Wales	Holding company	100%
WRG Environmental Limited	England and Wales	Operation of landfill sites	100%
WRG (Midlands) Limited	Scotland†	Operation of landfill sites	100%*
WRG (Northern) Limited	Scotland†	Operation of landfill sites	100%*
FCC Waste Services (UK) Limited	England and Wales	Operation of landfill sites	100%*
WRG Waste Services Limited	Scotland†	Dormant company	100%*

* Companies held indirectly by an intermediate company

The address of the registered office of the above mentioned companies is Ground Floor West, 900 Pavilion Drive, Northampton Business Park, Northampton, NN4 7RG, except for those marked with †, where the registered office is Greengairs Landfill Site, Meikle Drumgray Road, Greengairs, Airdrie, Lanarkshire, ML6 7TD.

An impairment loss of £nil (2019: £nil) was recognised in the year. This was measured by reference to the value in use of the underlying investments. Management estimates discount rates that reflect current market assessments of the time value of money and the risk specific to the CGUs of 6.2% (2019: 5.9%). The rates used to discount the cash flows in both 2020 and 2019 for the CGUs have been based on the Group's weighted average cost of capital. The cash flow forecasts have been projected on a life of site basis applying growth rates based on economic indicators including gross domestic product and demographics.

8. Trade and other receivables

	2020 £'000	2019 £'000
Amounts due from fellow subsidiary undertakings	1,472	-

Amounts due from fellow subsidiary undertakings are unsecured, interest free and have no fixed date of repayment.

9. Trade and other payables

	2020 £'000	2019 £'000
Amounts owed to fellow subsidiary undertakings	175,800	175,026

Amounts owed to fellow subsidiary undertakings are unsecured, interest free and have no fixed date of repayment.

WRG Acquisitions 2 Limited

Notes to the financial statements For the year ended 31 December 2020

10. Share capital and reserves

	2020 £'000	2019 £'000
Allotted, called-up and fully-paid		
37,000,001 ordinary shares of £1 each	37,000	37,000

Retained earnings

Retained earnings comprises cumulative profits or losses, including unrealised profits or losses previously recognised in the statement of comprehensive income.

11. Contingent liabilities

The Directors regard all subsidiaries of FCC as related parties. In the ordinary course of business, the Company has traded with fellow subsidiaries of FCC.

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

12. Related party transactions

The Directors regard all subsidiaries of FCC as related parties. In the ordinary course of business, the Company has traded with fellow subsidiaries of FCC.

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

13. Controlling party

The immediate parent of the Company is FCC Environment (UK) 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 company. 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 group of which the Company is a member and for which group financial statements are drawn up. FCC Environment (UK) Limited is the parent company of the smallest group of which the Company is a member and for which group financial statements are drawn up. Copies of the financial statements of both FCC Environment (UK) Limited and Fomento de Construcciones y Contratas, S.A. are available from the Company Secretary, Ground Floor West, 900 Pavilion Drive, Northampton Business Park, Northampton, NN4 7RG.