

Company Registration No. 05567332

FCC Wrexham PFI Holdings Limited

Annual report and financial statements

for the year ended 31 December 2021

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FCC Wrexham PFI Holdings Limited

Annual report and financial statements 2021

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FCC Wrexham PFI Holdings Limited

Annual report and financial statements 2021

Officers and professional advisers

Directors

P Taylor
V F Orts-Llopis
A Serrano Minchan (resigned 11 February 2022)

Registered Office

3 Sidings Court
White Rose Way
Doncaster
DN4 5NU

Auditor

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

FCC Wrexham PFI Holdings Limited

Strategic report

The Directors present their strategic report on the affairs of FCC Wrexham PFI Holdings Limited (“the Company”) for the year ended 31 December 2021.

Overview of Group

The Company is an indirect subsidiary of Fomento de Construcciones y Contratas, S.A. (“FCC”), the ultimate parent company domiciled in Spain. 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.

The activities, strategy and risks affecting the Company are inextricably similar to, and dependent on, those of FCC’s UK wider Environment Business (“FCC UK” or the “Group”), which, like the Company, are all fellow subsidiary undertakings of FCC. The Company relies upon the Group for the provision of many of its services and to operate the waste management facilities and contracts. Consequently, the following narrative relates to the Group and includes the Company as a fellow subsidiary undertaking of FCC.

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 the position of the Group 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 is that of an investment holding company. There were no developments during the financial year.

Business review

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

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

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 through 2020 and 2021 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 page 3.

FCC Wrexham PFI Holdings Limited

Strategic report

Results, dividends and key performance indicators

The results for the year are set out on page 15. The Company made neither a profit nor a loss during the year (2020: £nil). No dividend payment was proposed by the Directors or paid during the year (2020: £nil).

There were no movements in shareholder's funds during the year (2020: nil).

FCC, the ultimate parent company, manages its operations on a divisional basis and information regarding financial and non-financial key performance indicators is included within the FCC annual report. For this reason, the Company's Directors believe that the disclosure of further key performance indicators for the Company is not appropriate for an understanding of the development, performance or position of the business. Copies of the FCC annual report can be obtained from the address in note 16.

Future developments

The Directors of the Company expect the business to continue to perform satisfactorily in future years.

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 height of 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.
- **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 Board's review. Environmental objectives are reviewed annually and highlighted within the Group's Safety Health Environment and Quality (SHEQ) Policy Statement. In addition to this, there are detailed environmental procedures to enable compliance with environmental legislation.
- **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.

FCC Wrexham PFI Holdings Limited

Strategic report

Principal risks and uncertainties (continued)

- **Business continuity:** The Group, as part of its risk management programme, has developed business continuity planning for its operations. As part of this planning, the Group has developed a bespoke emergency plan for each operational facility (including the diversion of waste from single or multiple sites in the event of major disruption or disaster affecting a site or region). The Group's IT systems are outsourced to a specialist infrastructure IT services company and are covered by an IT disaster recovery plan, to ensure business continuity.
- **Legislation:** The Group monitors forthcoming and current legislation to ensure full compliance and to anticipate and assess the impact upon its operations, including the significant opportunities it can present. The waste management industry is subject to extensive government regulation which has a substantial impact on the Group's business.
- **Economic:** The Group has exposure to reduced economic activity, and in the current year has seen waste volumes reduce where lower economic output has been a factor. We have reviewed the potential impacts and consider that we have sufficient mitigations in place. The Group's strategy is focused on growing through further investment in EfW infrastructure projects.
- **Litigation:** The Group could be subject to litigation from time to time. The outcome of legal action is always uncertain and there is a risk that it may prove more costly and time consuming than expected. There is also a risk that litigation could be instigated in the future that could materially impact the Group. In some liability cases legal expenses are covered by the Group's liability insurance. This risk is mitigated through continued monitoring and employing an experienced and dedicated in-house legal team.
- **Competitive risk:** The Group operates in highly competitive markets in which competitors' service offerings may react faster to legislative and market dynamics than those of the Group. To mitigate this risk, the Group ensures that its asset, cost and capital base is regularly reviewed and flexed to meet changes in customers' demands and to maximise cash generation.
- **Employees:** The 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 policies

The Company balance sheet contains a loan receivable from a subsidiary undertaking, FCC Wrexham PFI Limited and a loan payable to its parent undertaking, FCC PFI Holdings Limited. These loans bear interest at equal rates and run for the same term. The Company does not therefore bear significant credit, liquidity risk or interest rate risk.

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.

FCC Wrexham PFI Holdings Limited

Strategic report

Section 172 Statement

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

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

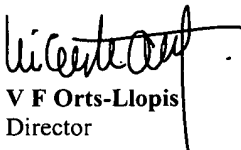
The Board of directors have complied with these requirements. Details of the Board's decisions in 2021 to promote long-term success, and how it engaged with stakeholders and considered their interests when making those decisions, can be found throughout this Strategic report and in the Directors' report.

Details of our strategy are set out on page 2 of the Strategic report and page 6 of the Directors' report. The Strategic report highlights performance in the year against that strategy together with future trends and developments.

The Company's main stakeholders are its members and fellow subsidiary companies that comprise its debtors and creditors. 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 8-10 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 3.

Approved by the Board and signed on its behalf by:



V F Orts-Llopis
Director

25 May 2022

FCC Wrexham PFI Holdings Limited

Directors' report

The Directors present their annual report and the audited financial statements of the Company for the year ended 31 December 2021. 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 2021 and up to the date of this report:

P Taylor
V F Orts-Llopis
A Serrano Minchan (resigned 11 February 2022)

Directors' indemnities

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

Future developments

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

Statement of Corporate Governance

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 2021, 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.

FCC Environment is one of the UK's leading waste and resource management companies. Our approach is to minimise the amount of waste that ends up in landfill by transforming it into valuable resources wherever possible. 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 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. During the period, our priority was to ensure the protection and wellbeing of our employees and communities, whilst mitigating the impact upon the essential services we provide; especially those which impact on public health. To achieve this, we maintained a programme of continuous engagement with our stakeholders through planning, re-engineering, monitoring and review activities.

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

FCC Wrexham PFI Holdings Limited

Directors' report

Statement of Corporate Governance (continued)

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

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

Our Senior Management Team (SMT), with its extensive expertise, skills and professional backgrounds, provides the Board with 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 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 wider stakeholder matters.

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 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

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

These values are the most important hallmarks of our Group, 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.

Keeping ourselves, our customers and our visitors safe are at the centre of the business values and the Directors at FCC together with the SMT, never lose sight of the potential hazards that exist in the workplace. The Company's health and safety performance and awards during the period are set out in the Non-financial KPIs in our accounts

The Code of Ethics and Conduct suite provides practical insight into the values shared across the FCC Group, and enables a more robust culture of compliance and supporting the creation of long term value for our projects.

FCC Wrexham PFI Holdings Limited

Directors' report

Statement of Corporate Governance (continued)

Principle 4 – Opportunity & Risk

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 join 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.

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

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 are set out in detail in our 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, with robust measures 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 promotes 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 2021 slightly favoured women with a mean of 1.43% and a median of 1.6%.

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 2,500 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

FCC Wrexham PFI Holdings Limited

Directors' report

Statement of Corporate Governance (continued)

Principle 6 – Stakeholders (continued)

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 3-4 of the Strategic report and remain compliant with applicable laws and regulations.

In 2021, 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.

183 applicants applied for CAF funding during 2021 and 132 projects were awarded funding totalling £6,159,609.

- 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.

28 Applicants applied for SAF funding during 2021 and 132 projects were awarded funding totalling £524,976.

In January 2021 the Winners of the Wychavon sunflower competition were awarded £20 Amazon vouchers. The competition was run in partnership between Wychavon and FCC Environment.

Also in January FCC Environment successfully completed a best practice, Five Star Occupational Health and Safety Audit conducted by the British Safety Council demonstrating its commitment towards the continual improvement of our health and safety management systems and associated arrangements.

In February FCC Environment once again supported the National Apprenticeship week which ran from the 8th to the 14th February.

Also in February, FCC Environment trialled environmentally friendly electric vehicles across the Wychavon District. More trials are planned to better understand how electric vehicles might work across the contract. As FCC is committed to the fight against climate change, a range of alternative fuel vehicles were considered to source a cost effective, efficient solution.

In March FCC Environment supported various projects sponsoring the 'Re-use and Grow' gardening challenge, creating the opportunity for students to use critical thinking about their environment and how they could contribute to a more sustainable future for their generation and generations to come.

Also in March, FCC Environment supported the Chorley Council's Green Agenda by planting 1,000 trees along the river Yarrow. Their goal is to plant 116,000 trees in the borough by 2025, one for every Chorley resident.

In April 2021, High Heavens waste transfer station welcomed the BBC's The One Show's 'Dom Digs In'. In the show Dom got to see first hand the different stages of non-recyclable household waste went through after being collected from the kerbsides.

In May, FCC Environment celebrated International Women in Engineering Day to raise the profile of women who work in engineering, as well as highlighting the wide ranging career opportunities available to women in the waste and energy sector.

FCC Wrexham PFI Holdings Limited

Directors' report

Statement of Corporate Governance (continued)

Principle 6 – Stakeholders (continued)

In July, FCC Environment sponsored the Child of Courage Award in the annual Luton Best Award scheme, designed to celebrate the achievements of truly remarkable individuals and organisations who make Luton a better place.

Also in July, as part of National Thank You Day, staff at High Heavens were visited by local charity Seerah and recognised for all the hard work they had done in lockdown. Gifts were delivered and a "Thank You" poster displayed for a week.

In August, Hull & East Riding residents were urged to return medical equipment that was no longer needed as part of a new NHS initiative to reuse and recycle items such as crutches and commodes. Hull & East Riding councils, along with FCC Environment, aimed to reduce the NHS carbon footprint and wherever possible, reuse items which are in short supply.

In November, FCC Environment and Buckinghamshire Council issued a thank you to their residents as over 500 tonnes worth of reusable items had been donated to the nine recycling centres across the county. The pre-loved bargains are available for sale at the two reuse shops and proceeds from the shops benefit the South Bucks Hospice at Butterfly House.

In December Wigan Council and FCC Environment wanted to help out those less fortunate, so staff at the Recycling Centres collected books and toys for good causes. They contacted Wigan Youth Zone who took delivery and put them to good use. The Wigan Armed Forces helped with cleaning the books and toys beforehand, for Covid reasons. The Wigan staff also wore Christmas jumpers and raised money for charity.

Post balance sheet events

The conflict between Russia and Ukraine is a post balance sheet event that remains ongoing at the date of approval of the financial statements. See note 15 for details of the considerations and implications on the Group.

FCC PFI Holdings Ltd, the immediate parent company, disposed of its entire shareholding in the Company after the year end, together with the unsecured subordinated loan notes issued by the Company. See note 15 for further details of these transactions.

FCC Wrexham PFI Holdings 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 Financial Reporting Standard 101 Reduced Disclosure Framework ("FRS 101").

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

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

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

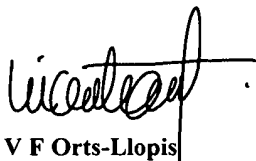
Under applicable law and regulations, the directors are also responsible for preparing a strategic report and directors' report that comply with that law and those regulations.

Disclosure of information to the auditor

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

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

Approved by the Board and signed on its behalf by:



V F Orts-Llopis
Director

25 May 2022

FCC Wrexham PFI Holdings Limited

Independent auditor's report to the members of FCC Wrexham PFI Holdings Limited

Opinion

We have audited the financial statements of FCC Wrexham PFI Holdings Limited for the year ended 31 December 2021 which comprise the Statement of comprehensive income, the Balance sheet, the Statement of changes in equity and the related notes 1 to 16, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards including FRS 101 "Reduced Disclosure Framework" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the company's affairs as at 31 December 2021 and of its result for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

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

Conclusions relating to going concern

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

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of 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. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the company's ability to continue as a going concern.

Other information

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

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

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

We have nothing to report in this regard.

FCC Wrexham PFI Holdings Limited

Independent auditor's report to the members of FCC Wrexham PFI Holdings Limited

Opinions on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

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

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

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

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 11, 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.

FCC Wrexham PFI Holdings Limited

Independent auditor's report to the members of FCC Wrexham PFI Holdings Limited

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

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

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

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

Use of our report

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

DocuSigned by:

C9F558DE68994AC...

Kate Jarman (Senior statutory auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
Leeds
25 May 2022

FCC Wrexham PFI Holdings Limited

Statement of comprehensive income For the year ended 31 December 2021

	Notes	2021 £'000	2020 £'000
Operating result		-	-
Interest receivable on loan note in subsidiary company		211	219
Interest payable on loan note to parent company		(211)	(219)
		<hr/>	<hr/>
Result before taxation	4	-	-
Tax on result	6	-	-
		<hr/>	<hr/>
Result for the financial year		-	-
		<hr/>	<hr/>
Other comprehensive result for the year, net of tax		-	-
		<hr/>	<hr/>
Total comprehensive result for the year		<hr/> <hr/>	<hr/> <hr/>

The notes on pages 18 to 25 are an integral part of these financial statements.

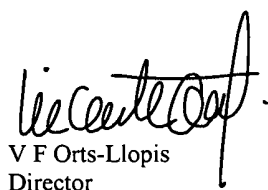
FCC Wrexham PFI Holdings Limited

Balance sheet As at 31 December 2021

	Note	£'000	2021 £'000	£'000	2020 £'000
ASSETS					
Non-current assets					
Investments	7	20		20	
Trade and other receivables	9	1,820		1,932	
			1,840		1,952
Current assets					
Trade and other receivables	8		542		220
TOTAL ASSETS			2,382		2,172
EQUITY AND LIABILITIES					
Issued share capital	13	20		20	
Retained earnings	13	(8)		(8)	
Total equity			12		12
Non-current liabilities					
Interest-bearing loans and borrowings	11		2,106		1,940
Current liabilities					
Interest-bearing loans and borrowings	10		264		220
Total liabilities			2,370		2,160
TOTAL EQUITY AND LIABILITIES			2,382		2,172

The notes on pages 18 to 25 are an integral part of these financial statements.

The financial statements of FCC Wrexham PFI Holdings Limited, registered number 05567332 were approved by the Board of Directors and authorised for issue on 25 May 2022. They were signed on its behalf by:


V F Orts-Llopis
Director

FCC Wrexham PFI Holdings Limited

Statement of changes in equity For the year ended 31 December 2021

	Called-up share capital £'000	Profit and loss account £'000	Total £'000
Year ended 31 December 2021			
At 1 January 2021	20	(8)	12
Result for the year and total comprehensive result	-	-	-
	<u>20</u>	<u>(8)</u>	<u>12</u>
At 31 December 2021	<u>20</u>	<u>(8)</u>	<u>12</u>
Year ended 31 December 2020			
At 1 January 2020	20	(8)	12
Result for the year and total comprehensive result	-	-	-
	<u>20</u>	<u>(8)</u>	<u>12</u>
At 31 December 2020	<u>20</u>	<u>(8)</u>	<u>12</u>

FCC Wrexham PFI Holdings Limited

Notes to the financial statements For the year ended 31 December 2021

1. Corporate information

FCC Wrexham PFI Holdings 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 activity is set out in the Strategic report.

2. Accounting policies

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

General information and basis of accounting

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

The functional and presentational currency of FCC Wrexham PFI Holdings 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*;
 - 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 accounts, copies of which are available from 3 Sidings Court, White Rose Way, Doncaster, DN4 5NU.

FCC Wrexham PFI Holdings Limited

Notes to the financial statements For the year ended 31 December 2021

2. Accounting policies (continued)

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

New Standards and amendments to Standards and Interpretations that became mandatory for the first time for the financial year beginning 1 January 2021 are listed below. The amendments had no material impact on the Company's results.

- Amendments to IFRS 4 Insurance Contracts regarding replacement issues in the context of the IBOR reform material (mandatory for the year commencing on or after 1 January 2021).
- Amendments to IFRS 7 Financial Instruments: Disclosures regarding replacement issues in the context of the IBOR reform (mandatory for the year commencing on or after 1 January 2021).
- Amendments to IFRS 7 Financial Instruments regarding replacement issues in the context of the IBOR reform (mandatory for the year commencing on or after 1 January 2021).
- Amendment to IFRS 16 Leases to provide lessees with an exemption from assessing whether a COVID-19 related rent concession is a lease modification (mandatory for the year commencing on or after 1 June 2020).
- Amendments to IFRS 16 Leases regarding replacement issues in the context of the IBOR reform (mandatory for the year commencing on or after 1 January 2021).
- Amendments to IAS 39 Financial Instruments: Recognition and Measurement regarding replacement issues in the context of the IBOR reform (mandatory for the year commencing on or after 1 January 2021).

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. Copies of the FCC consolidated annual report can be obtained from the address in note 16.

Going concern

At 31 December 2021 the Company had net assets of £12,000. The Company is a holding company. It has equal interest income and expense as its intercompany loan assets and liabilities have the same terms. The directors are confident that its subsidiary company will be in a position ultimately to settle the intercompany loan.

The directors have reviewed projected cash flows and carefully considered the risks to the Company's trading performance and cash flows. They have considered the forthcoming twelve month period from the date of signing of the financial statements, and have no reason to believe that a material uncertainty exists that may cast significant doubt about the ability of the Company to continue as a going concern.

For these reasons, they continue to adopt the going concern basis in preparing the annual report and financial statements.

Investments

Investments are stated at cost less provision for any impairment in value.

Financial instruments

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instrument.

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities.

FCC Wrexham PFI Holdings Limited

Notes to the financial statements For the year ended 31 December 2021

2. Accounting policies (continued)

Financial instruments (continued)

Financial assets and liabilities

All financial assets and liabilities are initially measured at transaction price (including transaction costs), except for those financial assets classified as at fair value through profit or loss, which are initially measured at fair value (which is normally the transaction price excluding transaction costs), unless the arrangement constitutes a financing transaction. If an arrangement constitutes a finance transaction, the financial asset or financial liability is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Non-current debt instruments which meet the following conditions, are subsequently measured at amortised cost using the effective interest method:

- (a) Returns to the holder are (i) a fixed amount; or (ii) a fixed rate of return over the life of the instrument; or (iii) a variable return that, throughout the life of the instrument, is equal to a single referenced quoted or observable interest rate; or (iv) some combination of such fixed rate and variable rates, providing that both rates are positive.
- (b) There is no contractual provision that could, by its terms, result in the holder losing the principal amount or any interest attributable to the current period or prior periods.
- (c) Contractual provisions that permit the issuer to prepay a debt instrument or permit the holder to put it back to the issuer before maturity are not contingent on future events, other than to protect the holder against the credit deterioration of the issuer or a change in control of the issuer, or to protect the holder or issuer against changes in relevant taxation or law.
- (d) There are no conditional returns or repayment provisions except for the variable rate return described in (a) and prepayment provisions described in (c).

Debt instruments that are classified as payable or receivable within one year and which meet the above conditions are measured at the undiscounted amount of the cash or other consideration expected to be paid or received, net of impairment.

Other debt instruments not meeting these conditions are measured at fair value through profit or loss.

Commitments to make and receive loans which meet the conditions mentioned above are measured at cost (which may be nil) less impairment.

Financial assets are derecognised when and only when a) the contractual rights to the cash flows from the financial asset expire or are settled, b) the Group transfers to another party substantially all of the risks and rewards of ownership of the financial asset, or c) the Group, despite having retained some significant risks and rewards of ownership, has transferred control of the asset to another party and the other party has the practical ability to sell the asset in its entirety to an unrelated third party and is able to exercise that ability unilaterally and without needing to impose additional restrictions on the transfer.

Financial liabilities are derecognised only when the obligation specified in the contract is discharged, cancelled or expires.

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

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

FCC Wrexham PFI Holdings Limited

Notes to the financial statements For the year ended 31 December 2021

2. Accounting policies (continued)

Financial instruments (continued)

Financial assets and liabilities (continued)

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

Taxation

Expenses and assets are recognised net of the amount of sales tax except:

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

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

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

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.

There are no areas of significant judgement or specific estimates or assumptions relevant to the Company.

FCC Wrexham PFI Holdings Limited

Notes to the financial statements For the year ended 31 December 2021

4. Result before taxation

Auditor's remuneration in respect of audit fees totalling £1,000 (2020: £1,000) has been met by FCC Recycling (UK) Limited, a subsidiary undertaking 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 2021 or the previous financial year. P Taylor and V F Orts-Llopis are remunerated as Directors or employees of FCC E UK for services to the UK group as a whole and it is therefore not possible to directly attribute any element of their remuneration to the Company. A Serrano Minchan was remunerated by fellow subsidiary companies of FCC without recharge to the UK Group.

The Company had no employees during the current or previous years.

6. Tax on result

The tax position comprises:

	2021 £'000	2020 £'000
Current tax		
United Kingdom corporation tax at 19% (2020: 19%) based on result for the year	-	-
Total current tax	-	-

There is no difference between the total tax position as shown above and the amount calculated by applying the average standard rate of UK corporation tax to the result before tax.

7. Investments

	Investments in subsidiary undertakings £'000
Cost and net book value	
At 1 January 2021 and at 31 December 2021	20

The Company beneficially owns the entire issued ordinary share capital of the following company:

Name of company	Country of incorporation	Nature of business
FCC Wrexham PFI Limited	England and Wales	Waste management services

On 2 May 2007, the Company gave a debenture over all of its present and future assets, rights and undertaking (including its investment in the share capital of FCC Wrexham PFI Limited) to Norddeutsche Landesbank Girozentrale (London Branch) under a Credit Agreement in connection with the Wrexham Waste PFI Project.

The address of the registered office of FCC Wrexham PFI Limited is 3 Sidings Court, White Rose Way, Doncaster, DN4 5NU.

FCC Wrexham PFI Holdings Limited

Notes to the financial statements For the year ended 31 December 2021

8. Trade and other receivables (current)

	2021	2020
	£'000	£'000
Unsecured subordinated loan notes issued by FCC Wrexham PFI Limited	278	166
Accrued interest on unsecured subordinated loan notes issued by FCC Wrexham PFI Limited	264	54
	<u>542</u>	<u>220</u>

The subordinated loan notes in FCC Wrexham PFI Limited have a final redemption date of 30 September 2032 and bear interest at a fixed rate of 10% per annum.

9. Trade and other receivables (non-current)

	2021	2020
	£'000	£'000
Unsecured subordinated loan notes issued by FCC Wrexham PFI Limited	<u>1,820</u>	<u>1,932</u>

The subordinated loan notes in FCC Wrexham PFI Limited have a final redemption date of 30 September 2032 and bear interest at a fixed rate of 10% per annum. Included in the above figure is an allowance for expected credit losses of £8,000 (2020: £8,000).

10. Interest bearing loans and borrowings (current)

	2021	2020
	£'000	£'000
Unsecured subordinated loan notes issued to FCC PFI Holdings Limited	-	166
Accrued interest on unsecured subordinated loan notes issued to FCC PFI Holdings Limited	264	54
	<u>264</u>	<u>220</u>

11. Interest bearing loans and borrowings (non-current)

	2021	2020
	£'000	£'000
Unsecured subordinated loan notes issued to FCC PFI Holdings Limited	<u>2,106</u>	<u>1,940</u>

Further details regarding the interest rates payable and maturity profile of the amounts due to parent undertaking are included below in note 12.

FCC Wrexham PFI Holdings Limited

Notes to the financial statements For the year ended 31 December 2021

12. Loans and borrowings

	2021 £'000	2020 £'000
Unsecured subordinated loan notes issued to FCC PFI Holdings Limited	<u>2,106</u>	<u>2,106</u>

The subordinated loan notes issued to the immediate parent company FCC PFI Holdings Limited have a final redemption date of 30 September 2032 and bear interest at a fixed rate of 10% per annum.

	2021 £'000	2020 £'000
Maturity profile		
Due within one year	-	166
Between one and two years	-	111
Between two and five years	-	426
Due after more than five years	<u>2,106</u>	<u>1,403</u>
	<u>2,106</u>	<u>2,106</u>

The amounts due after more than five years have a final redemption date of 30 September 2032.

13. Share capital and reserves

	2021 £	2020 £
Called up, allotted and fully paid		
20,065 ordinary share of £1 each	20,065	20,065
35 non-voting shares of £1 each	<u>35</u>	<u>35</u>
	<u>20,100</u>	<u>20,100</u>

The rights attaching to the respective classes of shares are as follows:

Voting

Ordinary Shares shall confer on each holder the right to receive notice, to attend, speak and vote at all general meetings.

Non-voting shares shall confer on each holder the right to receive notice, to attend and speak at all general meetings but shall not confer the right to vote.

Income and Capital

With regard to income and capital, the ordinary shares and non-voting shares shall rank pari passu in all respects. Consequently, both classes of shares have been treated as equity shares.

Retained earnings

Retained earnings comprise of cumulative profits or losses, including unrealised profits or losses recognised in the statement of comprehensive income, net of dividends.

FCC Wrexham PFI Holdings Limited

Notes to the financial statements For the year ended 31 December 2021

14. 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.

15. Post balance sheet events

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

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

- (b) On 30 April 2022 FCC PFI Holdings Limited, the Company's immediate parent company, sold its entire shareholding in the Company to FCC Recycling (UK) Limited, a fellow FCC subsidiary company, for consideration of £4.3million. FCC Recycling (UK) Limited also purchased the unsecured subordinated loan notes issued by the Company to FCC PFI Holdings Limited at nominal value of £2.1 million.

16. Controlling party

The immediate parent of the Company is FCC PFI Holdings Limited, a company registered in England and Wales.

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

Fomento de Construcciones y Contratas, S.A. is the parent company of the largest and smallest group of which the Company is a member and for which group financial statements are drawn up. The registered office of Fomento de Construcciones y Contratas, S.A. is c/Balmes, 36. 08007 Barcelona, Spain.

Copies of the financial statements of Fomento de Construcciones y Contratas, S.A. are available from the Company Secretary, 3 Sidings Court, White Rose Way, Doncaster, DN4 5NU.