

Registered No. 6279639

# **Hanford Waste Services Holdings Limited**

## **Report and Financial Statements**

31 December 2022



## **Directors and advisors**

### **Directors**

G Birley-Smith  
R K Sheehan  
PSM Banon  
D Logan  
A Pike  
M Haselhurst  
J Gray

### **Company Secretary**

Sterlings Limited

### **Independent Auditors**

PricewaterhouseCoopers LLP  
One Chamberlain Square  
Birmingham  
B3 3AX

### **Registered Office**

C/O Sterlings Limited,  
Lawford House,  
Albert Place,  
London  
N3 1QA

### **Registered Number**

6279639

## Strategic report for the year ended 31 December 2022

The directors present their strategic report on the group for the year ended 31 December 2022.

### Principal activities and review of the business

The principal activity of the group is to provide waste processing services for Staffordshire County Council and Stoke-on-Trent City Council and limited services for trade waste customers when capacity is available. Services are delivered from an energy from waste facility in Stoke-on-Trent, which has a nominal waste processing capacity of 200,000 tonnes of municipal solid waste per annum. This plant utilises the latest technology in environmentally friendly waste to energy plants producing electricity from the burning of domestic waste.

The group has entered into a Waste Disposal Contract with Staffordshire County Council and Stoke-on-Trent City Council together with associated funding agreements, service contracts (including an Electricity off-take Agreement) and other project related agreements. The Waste Disposal Contract required the company to deliver the waste processing services for a period of 25 years expiring in March 2020. On 4 January 2019 the company entered into a deed of variation of the Waste Disposal Contract with Staffordshire County Council and Stoke-on-Trent City Council, which extended the service delivery for a further 5 years until 31 March 2025. On the same date, the operation and maintenance contract with MES Environmental Limited was extended for the same period.

On 25 October 2022, the group terminated the operations and maintenance contract with MES Environmental Limited due to the insolvency of its parent company, CNIM Groupe S.A. Also, on 26 October 2022 the group appointed North Midlands Operations Limited as the new operations and maintenance contractor to operate the facility under the terms of a new operations and maintenance agreement until 31 March 2025. This process of changing the operator of the plant resulted in additional costs, which adversely affected the financial results of the group.

For the year ended 31 December 2022 the group delivered turnover of £16,825,228 (2021: £14,906,788) and generated EBITDA of £2,115,822 (2021: £3,353,682). The plant incinerated 194,540 tonnes during 2022 (2021: 185,659).

During the year the group made distributions to the shareholders through settlement of interest on the subordinated debt, but the group did not pay any dividends.

### Principal risks and uncertainties

Staffordshire County Council, Stoke-on-Trent City Council and NFPAS Limited are the group's principal clients. The directors consider there to be minimal risk with the group's client base.

Performance risks under the Waste Disposal Contract have been substantially transferred to the group's operator, North Midlands Operations Limited, whose obligations are underwritten by a guarantee from its parent undertaking, Cobalt Energy Limited.

### Financial instrument risks

The policy of the group is to finance working capital through cash inflows from the business where possible. The group was originally financed by a combination of bank loans and subordinated loans which were used to finance the purchase of fixed assets and to upgrade the plant; the bank loans were fully repaid in March 2019. In order to manage cash flows the group can defer interest and capital payments on its subordinated loans.

On behalf of the board.



A Pike  
Director

Date: 29 September 2023

## Directors' Report

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

Hanford Waste Services Limited is a private company limited by shares, registered in England and Wales,

### Results and Dividends

The group profit for the financial year amounted to £804,784 (2021: profit of £1,726,038).

An interim dividend of £nil (2021: £1,550,000) was declared and paid during the year at £nil per ordinary share (2021: £775) after due consideration of the adequacy of distributable reserves at the time the distribution was made. The directors do not recommend a final dividend (2021: £nil).

### Political and Charitable donations

There were no political or charitable donations for the year covered by these financial statements or the prior year.

### Financial Risk Management

The group does not actively use any other financial instruments as part of its financial risk management. It is exposed to the usual credit risk and cash flow risk associated with selling on credit and manages this through credit control procedures. The group has also entered into variable to fixed interest rate swaps to manage its exposure to interest rate cash flow risk on its variable rate debt. The nature of its financial instruments means that they are not subject to price or liquidity risk. The directors do not consider any other risks attaching to the use of financial instruments to be material to an assessment of the group's financial position or profit.

### Going concern

The directors have at the time of approving the financial statements, a reasonable expectation that the group and company have adequate resources to continue in operational existence for the foreseeable future, being at least twelve months from the date of the approval of these financial statements. In making this assessment the directors have considered a wide range of information relating to present and future considerations, including future projections of profitability, cash flows, capital reserves and the continuity of operations and maintenance activity.

### Directors' qualifying third party indemnity provision

The company has granted an indemnity to one or more of its directors against liability in respect of proceedings brought by third parties, subject to the conditions set out in the Companies Act 2006. Such qualifying third-party indemnity provision was in force during the financial year and as at the date of approval of the financial statements.

### Directors

The directors who were in office during the year and up to the date of signing the financial statements were:

G Birley-Smith

R K Sheehan

PSM Banon

D Logan

JG Smith      Resigned on 20 January 2023

A Pike

M Haselhurst      Appointed on 24 January 2023

J Gray      Appointed on 24 January 2023

## Statement of directors' responsibilities in respect of the financial statements

The directors are responsible for preparing the Report and Financial Statements and the financial statements in accordance with applicable law and regulation.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the group and the company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law).

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

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 102 have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group and company will continue in business.

The directors are responsible for safeguarding the assets of the group and company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are also responsible for keeping adequate accounting records that are sufficient to show and explain the group's and company's transactions and disclose with reasonable accuracy at any time the financial position of the group and company and enable them to ensure that the financial statements comply with the Companies Act 2006.

### Directors' confirmations

In the case of each director in office at the date the directors' report is approved:

- so far as the director is aware, there is no relevant audit information of which the group's and company's auditors are unaware; and
- they have taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the group's and company's auditors are aware of that information.

On behalf of the board.



A Pike  
Director

Date: 29 September 2023

## **Independent auditors' report to the members of Hanford Waste Services Holdings Limited**

### **Report on the audit of the financial statements**

#### **Qualified opinion**

In our opinion, except for the possible effects of the matter described in the Basis for qualified opinion paragraph below, Hanford Waste Services Holdings Limited's group financial statements and company financial statements (the "financial statements"):

- give a true and fair view of the state of the group's and of the company's affairs as at 31 December 2022 and of the group's profit and the group's cash flows for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Report and Financial Statements (the "Annual Report"), which comprise: the Group and Company balance sheets as at 31 December 2022; the Group statement of comprehensive income, the Group statement of cash flows and the Group and Company statements of changes in equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

#### **Basis for qualified opinion**

We did not observe the counting of physical inventories at the end of the financial year ended 31 December 2022. We were unable to satisfy ourselves by alternative means concerning the closing inventory quantities held as at 31 December 2022 which are included in the Balance sheet at £649,490 through the use of alternative audit procedures. Consequently, we were unable to determine whether any adjustment to this amount was necessary or whether there was any consequential effect on the cost of sales for the year ended 31 December 2022.

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

#### **Independence**

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

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

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 group's and 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.

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.

However, because not all future events or conditions can be predicted, this conclusion is not a guarantee as to the group's and the company's ability to continue as a going concern.

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

#### **Reporting on other information**

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

## **Independent auditors' report to the members of Hanford Waste Services Holdings Limited (continued)**

### **Report on the audit of the financial statements (continued)**

In connection with our audit of the financial statements, 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 audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. 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 based on these responsibilities.

With respect to the Strategic report and Directors' report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on our work undertaken in the course of the audit, the Companies Act 2006 requires us also to report certain opinions and matters as described below.

#### **Strategic report and Directors' Report**

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic report and Directors' Report for the year ended 31 December 2022 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic report and Directors' Report.

#### **Responsibilities for the financial statements and the audit**

##### **Responsibilities of the directors for the financial statements**

As explained more fully in the Statement of directors' responsibilities in respect of the financial statements, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the group's and 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 group or the company or to cease operations, or have no realistic alternative but to do so.

##### **Auditors' 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 auditors' 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.

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.

Based on our understanding of the group and industry, we identified that the principal risks of non-compliance with laws and regulations related to environmental legislation and health and safety legislation, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the financial statements such as Companies Act 2006 and UK tax legislation. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that

## **Independent auditors' report to the members of Hanford Waste Services Holdings Limited (continued)**

### **Report on the audit of the financial statements (continued)**

the principal risks were related to inappropriate journal entries either in the underlying books and records or management bias in accounting estimates. Audit procedures performed by the engagement team included:

- enquiries of management;
- review legal expense accounts and board minutes;
- obtained an understanding of the control environment in monitoring compliance with laws and regulations;
- auditing the risk of management override of controls, including testing non-standard journal entries and unpredictable procedures around reconciling items; and
- testing of accounting estimates which could be subject to management bias.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, 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.

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](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditors' report.

#### **Use of this report**

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

#### **Other required reporting**

##### **Companies Act 2006 exception reporting**

In respect solely of the limitation on our work relating to inventories, described in the Basis for qualified opinion paragraph above:

- we have not obtained all the information and explanations that we considered necessary for the purpose of our audit; and
- we were unable to determine whether adequate accounting records have been kept by the company.

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

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

We have no exceptions to report arising from this responsibility.



Mark Kingsbury (Senior Statutory Auditor)  
for and on behalf of PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
Birmingham  
29 September 2023



## Group statement of comprehensive income

for the year ended 31 December 2022

	Note	2022 £	2021 £
<b>Turnover</b>	2	16,825,228	14,906,788
Cost of sales		<u>(10,982,683)</u>	<u>(10,257,324)</u>
<b>Gross profit</b>		5,842,545	4,649,464
Administrative expenses		<u>(4,392,351)</u>	<u>(1,953,963)</u>
<b>Operating profit</b>	3	1,450,194	2,695,501
Interest receivable and similar income		1,851	102
Interest payable and similar expenses	5	<u>(422,225)</u>	<u>(419,891)</u>
<b>Profit before taxation</b>		1,029,820	2,275,712
Tax on profit	6	<u>(225,036)</u>	<u>(549,674)</u>
<b>Profit for the financial year</b>		<u>804,784</u>	<u>1,726,038</u>

The results stated above are all derived from continuing operations.

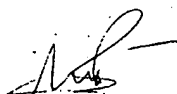
The notes on pages 13 to 22 form part of these financial statements.

## Group balance sheet

as at 31 December 2022

	Notes	2022 £	2021 £
<b>Fixed assets</b>			
Intangible assets	7	610,407	881,700
Tangible assets	8	971,019	1,257,394
		<u>1,581,426</u>	<u>2,139,094</u>
<b>Current assets</b>			
Inventories	10	649,490	-
Debtors	11	3,999,130	4,014,598
Cash at bank and in hand		4,464,831	3,308,175
		<u>9,113,451</u>	<u>7,322,773</u>
<b>Creditors: amounts falling due within one year</b>	12	<u>(5,798,013)</u>	<u>(5,277,394)</u>
<b>Net current assets</b>		<u>3,315,438</u>	<u>2,045,379</u>
<b>Total assets less current liabilities</b>		<u>4,896,864</u>	<u>4,184,473</u>
<b>Creditors: amounts falling due after more than one year</b>	13	<u>(7,057,000)</u>	<u>(7,057,000)</u>
<b>Provisions for liabilities</b>			
Deferred taxation	6(d)	<u>(187,561)</u>	<u>(279,954)</u>
<b>Net liabilities</b>		<u>(2,347,697)</u>	<u>(3,152,481)</u>
<b>Capital and reserves</b>			
Called up share capital	14	2,000	2,000
Profit and loss account		<u>(2,349,697)</u>	<u>(3,154,481)</u>
<b>Total shareholders' deficit</b>		<u>(2,347,697)</u>	<u>(3,152,481)</u>

The financial statements on pages 8 to 22 were approved by the board of directors of Hanford Waste Services Holdings Limited (company number 6279639) on 29 September 2023 and were signed on its behalf by:



A Pike  
Director

Date: 29 September 2023

The notes on pages 13 to 22 form part of these financial statements.

## Company balance sheet

as at 31 December 2022

	Notes	2022 £	2021 £
<b>Fixed assets</b>			
Investments	9	4,064,512	5,696,838
<b>Current assets</b>			
Debtors	11	2,000	2,000
Cash at bank and in hand		16,304	16,304
<b>Net current assets</b>		18,304	18,304
<b>Total assets less current liabilities</b>		4,082,816	5,715,142
<b>Creditors:</b> amounts falling due after more than one year	13	(4,080,816)	(5,713,142)
<b>Net assets</b>		2,000	2,000
<b>Capital and reserves</b>			
Called up share capital	14	2,000	2,000
Profit and loss account (see below)		-	-
<b>Total shareholders' funds</b>		2,000	2,000

The company has taken advantage of the exemption contained within section 408 of the Companies Act 2006 not to present its own statement of comprehensive income. The company made a result for the financial year of £nil (2021: profit of £1,550,000) and paid dividends of £nil (2021: £1,550,000).

The financial statements on pages 8 to 22 were approved by the board of directors Hanford Waste Services Holdings Limited (company number 6279639) on 29 September 2023 and were signed on its behalf by:



A Pike  
Director

Date: 29 September 2023

The notes on pages 13 to 22 form part of these financial statements.

## Group statement of changes in equity for the year ended 31 December 2022

	Called up share capital	Profit and loss account	Total shareholders' deficit
	£	£	£
<b>Balance as at 1 January 2021</b>	<b>2,000</b>	<b>(3,330,519)</b>	<b>(3,328,519)</b>
Profit for the financial year and total comprehensive income	-	1,726,038	1,726,038
Dividends paid and total transactions with owners recognised directly in equity	-	(1,550,000)	(1,550,000)
<b>Balance as at 31 December 2021 and 1 January 2022</b>	<b>2,000</b>	<b>(3,154,481)</b>	<b>(3,152,481)</b>
Profit for the financial year and total comprehensive income	-	804,784	804,784
Dividends paid and total transactions with owners recognised directly in equity	-	-	-
<b>Balance as at 31 December 2022</b>	<b>2,000</b>	<b>(2,349,697)</b>	<b>(2,347,697)</b>

## Company statement of changes in equity for the year ended 31 December 2022

	Called up share capital	Profit and loss account	Total shareholders' funds
	£	£	£
<b>Balance as at 1 January 2021</b>	<b>2,000</b>	-	<b>2,000</b>
Profit for the financial year and total comprehensive income	-	1,550,000	1,550,000
Dividends paid and total transactions with owners recognised directly in equity	-	(1,550,000)	(1,550,000)
<b>Balance as at 31 December 2021 and 1 January 2022</b>	<b>2,000</b>	-	<b>2,000</b>
Result for the financial year and total comprehensive income	-	-	-
Dividends paid and total transactions with owners recognised directly in equity	-	-	-
<b>Balance as at 31 December 2022</b>	<b>2,000</b>	-	<b>2,000</b>

The company has taken advantage of the exemption contained within section 408 of the Companies Act 2006 not to present its own statement of comprehensive income.

## Group statement of cash flows

for the year ended 31 December 2022

	Notes	2022 £	2021 £
<b>Net cash from operating activities</b>	15	<b>1,983,776</b>	<b>3,107,954</b>
Taxation paid		(301,120)	(529,197)
<b>Net cash generated from operating activities</b>		<b>1,682,656</b>	<b>2,578,757</b>
<b>Cash flow from investing activities</b>			
Purchase of property, plant and equipment		(107,960)	-
Interest received		1,851	102
<b>Net cash (used in) / generated from investing activities</b>		<b>(106,109)</b>	<b>102</b>
<b>Cash flow from financing activities</b>			
Interest paid		(419,891)	(419,891)
Dividends paid		-	(1,550,000)
<b>Net cash used in financing activities</b>		<b>(419,891)</b>	<b>(1,969,891)</b>
<b>Increase in cash in the year</b>		<b>1,156,656</b>	<b>608,968</b>
<b>Cash and cash equivalents at the beginning of the year</b>		<b>3,308,175</b>	<b>2,699,207</b>
<b>Cash and cash equivalents at the end of the year</b>		<b>4,464,831</b>	<b>3,308,175</b>

## Notes to the financial statements

for the year ended 31 December 2022

### 1. Accounting policies

#### *Basis of preparation*

These financial statements are prepared on a going concern basis, under the historical cost convention and FRS102. The principal accounting policies, which have been applied consistently throughout the year, are set out below. Financial statements are prepared in accordance with Companies Act 2006.

#### *Statement of compliance and general information*

Hanford Waste Services Holdings Limited is a private company limited by shares and is incorporated in England, the UK. The financial statements of the group have been prepared in accordance with the historical cost convention and in compliance with United Kingdom Accounting Standards, including Financial Reporting Standard 102, "The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland" ("FRS 102") and the Companies Act 2006.

#### *Basis of consolidation*

The group financial statements include the financial statements of the company and those of the subsidiary undertaking. A subsidiary is an entity controlled by the group. Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

All intra-group transactions, balances, income and expenses are eliminated on consolidation. Adjustments are made to eliminate the profit and loss arising on transactions with the subsidiary to the extent of the group's interest in the subsidiary.

#### *Tangible assets*

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

Depreciation is provided on all tangible assets at rates calculated to write off the cost or valuation, less estimated residual value based on prices prevailing at the date of acquisition, of each asset evenly over its expected useful life, as follows:

Original project costs were originally depreciated over 25 years. Additions and improvements are written off over the remaining project life or their expected life, whichever is shorter. The asset life was extended at the start of the 5-year contract extension.

The carrying values of tangible assets are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable.

#### *Current and deferred tax*

The tax expense for the period comprise current and deferred tax. Tax is recognised in the statement of comprehensive income, except to the extent that it relates to items recognised in other comprehensive income or directly in shareholders' funds. In this case, the tax is also recognised in other comprehensive income or directly in shareholders' funds, respectively.

The current tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the statement of financial position date in the countries where the company operates and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred tax is recognised on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, deferred tax liabilities are not recognised if they arise from initial recognition of goodwill or arise from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit nor loss. Deferred tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the statement of financial position date and are expected to apply when the related deferred tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to income taxes levied by the same taxation authority.

## Notes to the financial statements (continued)

for the year ended 31 December 2022

### 1. Accounting policies (continued)

#### *Financial assets*

Basic financial assets, including trade and other receivables, cash and bank balances and amounts owed by group undertakings, are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rates of interest.

At the end of each reporting period financial assets measured at amortised cost are assessed for objective evidence of impairment. If an asset is impaired the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment is recognised in profit or loss.

#### *Impairment of assets*

At each balance sheet date financial and non-financial assets not carried at fair value are assessed to determine whether there is an indication that the assets may be impaired. If there is such an indication the recoverable amount of the asset is compared to the carrying amount of the asset.

The recoverable amount of the asset is the higher of the fair value less costs to sell and value in use. Value in use is defined as the present value of the future cash flows before interest and tax obtainable as a result of the asset's continued use. The cash flows are discounted using a pre-tax discount rate that represents the current market risk-free rate and the risks inherent in the asset.

If the recoverable amount of the asset is estimated to be lower than the carrying amount, the carrying amount is reduced to its recoverable amount and an impairment loss is recognised in the profit and loss account.

If an impairment loss is subsequently reversed, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but only to the extent that the revised carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised in prior periods. A reversal of impairment loss is recognised in the profit of loss account.

#### *Investments*

Investment in subsidiary company is held at historical cost less accumulated impairment losses. At the conclusion of the extended Waste Disposal Contract in March 2025, the investment in the subsidiary company is fully written down to a nil net book value.

#### *Intangible assets*

Goodwill is the difference between amounts paid on the acquisition of a business and the fair value of the identifiable assets and liabilities. It is amortised to the profit and loss account over its estimated economic life of 12.5 years, which was the remaining life of the contract at acquisition.

The carrying values of intangible assets are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable.

#### *Capitalisation of borrowing costs*

Finance costs, interest costs and commitments fees incurred in funding construction work have been capitalised during the period of construction. Interest was capitalised for the period from the inception of the loan to commissioning the plant.

#### *Dividend distribution*

Final dividends of the company's shareholders are recognised as a liability in the financial statements in the period in which they are approved by the shareholders of the company.

Interim dividends are recognised when paid.

#### *Share capital*

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new ordinary shares or options are shown in equity as a deduction, net of tax, from the proceeds.

## Notes to the financial statements (continued)

for the year ended 31 December 2022

### 1. Accounting policies (continued)

#### *Foreign currency*

These financial statements are presented in Great British Pounds ("GBP") which is the Company's functional currency. Transactions in foreign currencies are recorded at the exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the closing rates at the balance sheet date. All exchange differences are included in the profit and loss account.

#### *Grants received*

Capital grants received are treated as deferred income in the balance sheet. This is credited to the profit and loss account by instalments over the expected useful economic life of the related asset on a basis consistent with the depreciation policy.

#### *Inventories*

Inventories are stated at the lower of cost and estimated selling price less costs to sell. Inventories are recognised as an expense in the period in which the related revenue is recognised.

#### *Cash and cash equivalents*

Cash and cash equivalents includes cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

#### *Judgements and key sources of estimation uncertainty*

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the balance sheet date and the amounts reported for revenues and expenses during the year. However, the nature of estimation means that actual outcomes could differ from those estimates, particularly in the area of accruals (group) and impairment of investments (company).

The directors believe there are no material judgements or estimates made in the financial statements.

#### *Going concern*

The directors have at the time of approving the financial statements, a reasonable expectation that the group and company have adequate resources to continue in operational existence for the foreseeable future, being at least twelve months from the date of the approval of these financial statements. In making this assessment the directors have considered a wide range of information relating to present and future considerations, including future projections of profitability, cash flows, capital reserves and the continuity of operations and maintenance activity.

#### *Turnover*

Turnover comprises revenue recognised by the group in respect of goods and services supplied, exclusive of Value Added Tax, Landfill Tax and trade discounts. Turnover in relation to waste is recognised on receipt of the waste, whilst revenue from electricity is recognised when it is generated.

### 2. Turnover

Turnover is wholly derived from one class of business. All turnover arose within the United Kingdom.



## Notes to the financial statements (continued)

for the year ended 31 December 2022

### 3. Operating profit

This is stated after charging / (crediting):

	2022 £	2021 £
Auditors' remuneration:		
Statutory audit	21,750	20,750
Amortisation of deferred income	-	(23,774)
Depreciation of tangible assets	394,335	410,662
Amortisation of intangible assets	271,293	271,293
Auditors' fees for the company were £5,000 (2021: £5,000).		

### 4. Staff costs

The group has no employees (2021: none) other than the directors, who receive no direct remuneration for their services. However, the group has been charged a fee for their services from the shareholders totalling £108,532 (2021: £94,140) which covers their services to Hanford Waste Services Limited. In addition, the company has been charged £130,972 (2021: £124,164) by Wolverhampton Waste Services Limited for the services of three employees (2021: three).

### 5. Interest payable and similar expenses

	2022 £	2021 £
Interest on subordinated debt	422,225	419,891
	422,225	419,891

### 6. Tax on profit

(a) Tax on profit

The tax charge is made up as follows:

	2022 £	2021 £
<i>Current tax:</i>		
UK corporation tax on the profit for the year	317,430	556,220
Adjustments in respect of prior periods	(1)	(1,447)
UK corporation tax on the profit for the year	317,429	554,773
Total current tax	317,429	554,773
<i>Deferred tax:</i>		
Origination and reversal of timing differences	(70,219)	(95,116)
Change in tax rates	(22,174)	90,017
Total deferred tax (note 6(d))	(92,393)	(5,099)
Tax on profit	225,036	549,674

## Notes to the financial statements (continued)

for the year ended 31 December 2022

### Tax on profit (continued)

(b) Factors affecting tax charge for the year

The tax assessed for the year is higher than (2021: higher) the standard rate of corporation tax in the UK of 19% (2021: 19%). The differences are explained below:

	2022 £	2021 £
Profit before taxation	<u>1,029,820</u>	<u>2,275,712</u>
Profit before taxation multiplied by standard rate of corporation tax in the UK of 19% (2021: 19%)	195,666	432,385
Effects of:		
Adjustments in respect of prior periods	(1)	(1,447)
Change in tax rate	(22,174)	67,190
Amortisation not deductible for tax purposes	51,545	51,546
Tax charge for the year	<u>225,036</u>	<u>549,674</u>

(c) Factors that may affect future tax charges

From 1 April 2023 the corporation tax rate will increase to 25%. Since the proposal to increase the rate to 25% was substantively enacted on 24 May 2021, its effects are included in these financial statements. The Government confirmed this approach in the Autumn Statement on 17 November 2022.

(d) Deferred taxation

Deferred taxation provided in the financial statements is as follows:

	2022 £	Group 2021 £	2022 £	Company 2021 £
At 1 January	279,954	285,053	-	-
Credit for the year	(92,393)	(5,099)	-	-
At 31 December	<u>187,561</u>	<u>279,954</u>	<u>-</u>	<u>-</u>

The provision for deferred taxation is made up as follows:

	2022 £	Group 2021 £	2022 £	Company 2021 £
Accelerated capital allowances	187,561	279,954	-	-
At 31 December	<u>187,561</u>	<u>279,954</u>	<u>-</u>	<u>-</u>

## Notes to the financial statements (continued)

for the year ended 31 December 2022

### 7. Intangible assets

<i>Group</i>	<i>Goodwill</i> £
<i>Cost:</i>	
At 1 January 2022 and 31 December 2022	16,955,799
<i>Accumulated amortisation:</i>	
At 1 January 2022	16,074,099
Provided during the year	271,293
At 31 December 2022	16,345,392
<i>Net book value:</i>	
At 31 December 2022	610,407
At 31 December 2021	881,700

### 8. Tangible assets

<i>Group</i>	<i>Leasehold property</i> £	<i>Plant and machinery</i> £	<i>Total</i> £
<i>Cost:</i>			
At 1 January 2022	4,860,596	37,037,132	41,897,728
Additions	-	107,960	107,960
<i>Accumulated depreciation:</i>			
At 1 January 2022	4,695,684	35,944,650	40,640,334
Charge for the year	50,741	343,594	394,335
At 31 December 2022	4,746,425	36,288,244	41,034,669
<i>Net book value:</i>			
At 31 December 2022	114,171	856,848	971,019
At 31 December 2021	164,912	1,092,482	1,257,394

Included in tangible assets are amortised capitalised interest costs amounting to £224,159 (2021: £323,785).

At the conclusion of the extended Waste Disposal Contract in March 2025, the above assets are returned to Staffordshire County Council and Stoke-on-Trent City Council for no consideration, except for the additions in 2022 that will be available for the Council to purchase.

### 9. Investments

	<i>Shares in subsidiary undertaking</i> £
<i>Cost:</i>	
At 1 January 2022 and 31 December 2022	22,033,635
<i>Accumulated amortisation:</i>	
At 1 January 2022	16,336,797
Provided during the year	1,632,326
At 31 December 2022	17,969,123
<i>Net book value:</i>	
At 31 December 2022	4,064,512
At 31 December 2021	5,696,838

## Notes to the financial statements (continued)

for the year ended 31 December 2022

### 9. Investments (continued)

Details of the subsidiary undertaking are below:

<i>Company name</i>	<i>Registered address</i>	<i>Percentage shareholding</i>	<i>Description</i>
Hanford Waste Services Limited	C/O Sterlings Limited, Lawford House, Albert Place, London N3 1QA	100	Involved in waste treatment, management and disposal

The directors believe that the carrying value of the investment is supported by both the underlying net assets of the subsidiary and the cash flows to be generated from operations.

### 10. Inventories

	<i>2022</i> £	<i>2021</i> £
Raw materials and consumables	137,879	-
Finished goods and goods for resale	511,611	-
	<u>649,490</u>	<u>-</u>

The group purchased the stocks from MES Environmental Limited on the termination of the operations and maintenance contract on 25 October 2022.

### 11. Debtors

	<i>2022</i> £	<i>Group 2021</i> £	<i>2022</i> £	<i>Company 2021</i> £
Trade debtors	2,737,009	2,314,627	-	-
Amounts owed by related undertakings	31,972	30,547	-	-
Called up share capital not paid	2,000	2,000	2,000	2,000
Prepayments and accrued income	1,228,149	1,667,424	-	-
	<u>3,999,130</u>	<u>4,014,598</u>	<u>2,000</u>	<u>2,000</u>

Amounts owed by related undertakings are repayable within 30 days of invoice.

## Notes to the financial statements (continued)

for the year ended 31 December 2022

### 12. Creditors: amounts falling due within one year

	<i>Group</i>		<i>Company</i>	
	2022	2021	2022	2021
	£	£	£	£
Trade creditors	4,277,722	1,617,961	-	-
Supplier retentions	-	565,546	-	-
Amounts owed to related undertakings	56,794	10,182	-	-
Other creditors	121,229	185,963	-	-
Corporation tax	63,763	47,453	-	-
Accruals and deferred income	1,278,505	2,850,289	-	-
	<b>5,798,013</b>	<b>5,277,394</b>	<b>-</b>	<b>-</b>

Trade creditors include an amount claimed by the liquidator of MES Environmental Limited of £4,084,989.

Amounts owed to related undertakings are repayable within 30 days of invoice.

### 13. Creditors: amounts falling due after more than one year

	<i>Group</i>		<i>Company</i>	
	2022	2021	2022	2021
	£	£	£	£
Subordinated loan notes	7,057,000	7,057,000	-	-
Amounts owed to group undertakings	-	-	4,080,816	5,713,142
	<b>7,057,000</b>	<b>7,057,000</b>	<b>4,080,816</b>	<b>5,713,142</b>

Subordinated loan notes, included within creditors, are analysed as follows:

	2022	2021
	£	£
In two to five years	<b>7,057,000</b>	7,057,000
	<b>7,057,000</b>	<b>7,057,000</b>

Unsecured subordinated loan notes with a nominal value of £7,057,000 have been issued to investor companies, on which interest is paid at 5.95% per annum until 31 December 2024. Interest is paid on a six-monthly basis if funds, as calculated by the agreement, are available, otherwise payment is deferred, and interest is accrued on the outstanding balance. The subordinated loan notes are due for repayment on 31 December 2024.

## Notes to the financial statements (continued)

for the year ended 31 December 2022

### 14. Called up share capital

	2022		2021	
	No.	£	No.	£
<i>Allotted, called up and not fully paid</i>				
Ordinary shares of £1 each	2,000	<u>2,000</u>	2,000	<u>2,000</u>

### 15. Net cash from operating activities

Reconciliation of operating profit to net cash inflow from operating activities

	2022	2021
	£	£
Group operating profit	1,450,194	2,695,501
Amortisation of intangible assets	271,293	271,293
Amortisation of deferred income	-	(23,774)
Depreciation of tangible assets	394,335	410,662
Increase in inventories	(649,490)	-
Decrease / (increase) in debtors	15,468	(1,502,170)
Increase in creditors	501,976	1,256,442
Net cash inflow from operations	<u>1,983,776</u>	<u>3,107,954</u>

### 16. Related party transactions

The group has taken advantage of the exemption not to disclose transactions with other members of the group.

The following transactions occurred in Hanford Waste Services Limited during the year:

#### (a) Regent EfW Development S.A and Innisfree

During the year interest on subordinated loans held by Regent EfW Development S.A and Innisfree of £422,225 (2021: £419,891) was accrued on the amount owing by Hanford Waste Services Limited. Repayments of £419,892 (2021: £419,891) were made during the year.

The balance of subordinated loan notes owing to Regent EfW Development S.A and Innisfree at 31 December 2022 was £4,904,615 (2021: £4,904,615) and £2,152,385 (2021: £2,152,385) respectively with accrued interest of £75,178 (2021: £73,556) and £32,992 (2021: £32,280) respectively.

Both Wolverhampton Waste Services Limited and Dudley Waste Services Limited are sister companies of Hanford Waste Services Limited with the same ownership.

#### (b) Wolverhampton Waste Services Limited

During the year Hanford Waste Services Limited was charged by Wolverhampton Waste Services Limited £815,278 (2021: £124,164) in respect of services for the year. Wolverhampton Waste Services Limited were charged £1,552,838 (2021: £1,556,865) for services rendered during the year. At 31 December 2022 the balance owed by the company to Wolverhampton Waste Services Limited was £56,794 (2021: £10,182) and the balance owed to the company by Wolverhampton Waste Services Limited was £31,792 (2021: £30,547).

## Notes to the financial statements (continued)

for the year ended 31 December 2022

### 16. Related party transactions (continued)

(c) Dudley Waste Services Limited

During the year Hanford Waste Services Limited charged Dudley Waste Services Limited £1,067,411 (2021: £1,077,608). At 31 December 2022 the balance owed to the company by Dudley Waste Services Limited was £nil (2021: £nil)

### 17. Dividends

An interim dividend of £nil (2021: £1,550,000) was declared and paid during the year at £nil per ordinary share (2021: £775) after due consideration of the adequacy of distributable reserves at the time the distribution was made. The directors do not recommend a final dividend (2021: £nil).

### 18. Ultimate parent undertaking and controlling party

At 31 December 2022 Regent EfW Development S.A owned 69.5% of the shares of the company. Innisfree Nominees Limited (Innisfree), acting as nominee for Innisfree M&G PPP LP, beneficially held the remaining share capital of the company. The principal place of business of Regent EfW Development S.A is at 8 Rue Lou Hemmer, Senningerberg, L-1748 Luxembourg. Regent EfW Development S.A is considered to be the immediate parent undertaking of Hanford Waste Services Holdings Limited.

The ultimate controlling party and ultimate parent company of Regent EfW Development S.A is iCON Infrastructure Partners IV, L.P. acting through its general partner, Infrastructure Management IV Limited. iCON Infrastructure Management IV Limited is a wholly owned subsidiary undertaking of iCON Infrastructure LLP, a company registered in England whose registered office is 5th Floor 15 Golden Square, London, England, W1F 9JG. iCON Infrastructure Management IV Limited is a company registered in Guernsey whose registered office is Martello Court, Admiral Park, St Peter's Port, GY1 3HB, Guernsey.

The ultimate parent undertaking of Innisfree is Innisfree Group Limited, a company registered in England and Wales whose financial statements are available from Boundary House, 91/93 Charterhouse Street, London EC1M 6HR.