

**Company Registration No. 07418620**

**FCC Environment (Lincolnshire)  
Limited**

**Annual report and financial statements  
for the year ended 31 December 2021**



**FCC Environment (Lincolnshire) Limited**  
**Annual report and financial statements 2021**

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## **FCC Environment (Lincolnshire) Limited**

### **Annual report and financial statements 2021**

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

##### **Directors**

P Taylor  
V F Orts-Llopis  
A R Pike

##### **Registered Office**

3 Sidings Court  
White Rose Way  
Doncaster  
DN4 5NU

##### **Auditor**

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

# **FCC Environment (Lincolnshire) Limited**

## **Strategic report**

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

### **Overview of Group**

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

Following the internal reorganisation of FCC’s UK Environment Division in July 2020, the Company became part of a new Energy from Waste (“EfW”) sub-group under Green Recovery Projects Limited (“GRP”, “the Group”). This consisted of grouping FCC’s five UK based EfW plants (Allington, Eastcroft, Lincoln, Millerhill at Edinburgh & Midlothian and Greatmoor in Buckinghamshire) and their related SPV and holding companies under a single parent company to form a new platform for growth.

In November 2020, GRP’s immediate parent, FCC Medio Ambiente Reino Unido SLU, sold a 49% stake in GRP to GRP EFW Investments Limited, a company controlled by investment vehicles advised by iCON Infrastructure LLP (collectively, “iCON”). FCC and iCON 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.

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

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

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

### **Principal activities**

The principal activity of the Company during the year ended 31 December 2021 was the operation of the Lincolnshire EfW facility on behalf of Lincolnshire County Council.

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

### **Business review**

The Directors consider that the Company’s business performance remained satisfactory during 2021.

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

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 Environment (Lincolnshire) Limited

## Strategic report

### Results, dividends and key performance indicators

The results for the year ended 31 December 2021 are set out on page 14. The profit for the financial year ended 31 December 2021 amounted to £3.7million (2020: £3.0million). The Company paid an interim dividend during the year of £3million (2020: £21.6million) and furthermore, the Directors do not recommend the payment of a final dividend (2020: £nil).

For the year ended 31 December 2021, revenue increased by 12.2% to £16.7million (2020: £14.9million). The main driver was an increase in tonnages processed through the plant.

Operating profit in 2021 was £4.5million (2020: £3.7million). This increase was primarily driven by increases in tonnages processed and electricity prices.

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

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

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

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

### 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.

## FCC Environment (Lincolnshire) Limited

### Strategic report

#### Principal risks and uncertainties (continued)

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

## **FCC Environment (Lincolnshire) Limited**

### **Strategic report**

#### **Principal risks and uncertainties (continued)**

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

#### **Financial risk management objectives and policies**

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

##### *Liquidity and credit risk*

The Company's exposure to credit and liquidity risk is reduced as it is a subsidiary of FCC. Credit risk arises from the risk of having credit exposures to third parties, including outstanding receivables. The Company reviews the credit ratings of all significant customers regularly and continues to monitor the quality of debtor balances on an ongoing basis. Liquidity risk is the risk that the Company will not have sufficient cash resources to meet its commitments. The Company prepares and reviews cash flow forecasts frequently to ensure that it has sufficient resources to meet its cash flow commitments.

##### *Interest rate risk*

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

#### **Going concern**

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

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

## FCC Environment (Lincolnshire) 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 2020 and 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 7 of the Directors' report. The Strategic report highlights performance in the year against that strategy together with future trends and developments.

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

The Company's main stakeholders are its members and external debtors and creditors. Open, constructive dialogue with our key stakeholders is critical to inform the Board's decisions. Details of how the Group has engaged with its stakeholders are set out on page 9 of the Directors' report. The Board has overall responsibility for managing relationships with all our stakeholders. Day to day relationships are mainly managed through operations and maintenance contracts with wider FCC Group subsidiary companies.

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

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



V F Orts-Llopis  
Director

29 July 2022



## **FCC Environment (Lincolnshire) 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 R Pike

#### **Directors' indemnities**

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

#### **Future developments**

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

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

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 period 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.

The Group is a newly created entity, within the FCC Group and in joint-venture with iCON. We are a leader in the waste recovery sector, helping to shape the policy landscapes, ensuring that our people, systems and strategy remain innovative and focused on delivering excellence.

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

#### **Principle 1 – Purpose and Leadership**

We are a modern progressive company and pride ourselves on innovation. GRP 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 creation of this new company allows GRP to invest in the waste recovery sector and develop new treatment facilities.

Our aim is wholeheartedly to support the drive to more and better resource efficiency by reducing waste at source where possible and as a business we recycle some 1.8million tonnes of material each year. We are realistic about the materials that are not able to be recycled, for whatever reason, and it is our firm belief that recovering the energy from that waste to utilise as heat or for conversion into electricity is the best option.

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

#### **Principle 2 – Board Composition**

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

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

## **FCC Environment (Lincolnshire) Limited**

### **Directors' report**

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

##### **Principle 3 – Directors Responsibilities**

The Board 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 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

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

During the period, our priority was to ensure the protection and wellbeing of our contractors 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.

##### **Principle 4 – Opportunity & Risk**

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

In 2020, GRP was formed by FCC entering 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 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.

Operating in the UK's highly regulated waste management market, presents numerous risks and uncertainties to the Group. The principal risks and uncertainties affecting the Group and set out in detail on pages 3-5 of the Strategic Report.

The Board has developed and implemented risk management policies and procedures that promote a robust control environment at all levels of the organisation. The senior management team, engaged through the O&M contracts delivered by FCC subsidiaries, ensures the right level of diligence, whilst robust measures are in place to identify risks and assess, consider, manage and prioritise any impact.

Our vision is to create sustainable carbon-neutral communities, working with local and national partners, with consideration for the environment at every stage.

##### **Principle 5 – Remuneration**

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

The Company and Group do not have any further employees.

## **FCC Environment (Lincolnshire) Limited**

### **Directors' report**

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

##### **Principle 6 – Stakeholders**

The Board is committed to promoting accountability and transparency with all stakeholders, fostering effective stakeholder relationships and meaningful engagement. We wish to build honest and enduring relationships, and seek to work with others, who share our ethics in compliance.

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 3-5 of the Strategic report and remain compliant with applicable laws and regulations.

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

In February 2021, our Greatmoor EfW visitors centre delivered online teaching and pre-recorded educational material for students at local schools as part of its ongoing commitment to support the education of children and young adults. The waste awareness sessions were arranged through Action4Youth's Inspirational Programme, designed to educate young adults on different industries and prepare them for the workplace.

In April 2021, Gipsy Bridge Academy visited our Lincolnshire EfW and won the "Waste Free Lunch challenge" competition ran by the site. The competition was run in partnership with Lincolnshire County Council to encourage students to bring along a packed lunch to the facility with as little waste as possible. The Gipsy Bridge Academy came out on top creating only 400g of waste between them.

Also in April 2021, our Greatmoor EfW starred in the BBC's One show, Dom Digs In. In the "Waste" episode Dom discovered how our waste was turned into energy to power our homes and businesses. In the show Dom got to see first hand the different stages non-recyclable household waste went through after being collected from the kerbsides, and toured with the waste from the weighbridge at the transfer station on to Greatmoor EfW to be generated into electricity.

In August 2021, Lincolnshire EfW staff took part in the annual LincsFest, promoting and informing visitors about the EfW facility and informing the public about other areas of waste management on behalf of Lincolnshire EfW. A marquee was manned with staff taking part in craft projects which included a giant waste board game for all ages to learn about the best ways to deal with waste and how to save energy.

In September 2021, Allington EfW opened its doors for a weekend to provide friends and family of staff with 'behind the scenes' access to the site. This was done as a thank you to all the staff who had worked tirelessly throughout the 18 months of Covid. Almost 300 family members enjoyed seeing the plant and exhibitions. There were also activities for the children including a bungee run, coconut shy and climbing wall.

In November 2021, Allington EfW welcomed 'Lottie' from the Women's Engineering Society (WES). The aim of the 'Lottie Tour' is to inspire and empower female engineers across the country.

##### **Post balance sheet event**

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 Environment (Lincolnshire) 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;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- provide additional disclosures when compliance with the specific requirements in FRS 101 is insufficient to enable users to understand the impact of particular transactions, other events and conditions on the company financial position and financial performance;
- state whether applicable UK Accounting Standards, including FRS 101, have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

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


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

#### Disclosure of information to the auditor

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

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

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

  
**V F Orts-Llopis**  
Director  
29 July 2022

## **FCC Environment (Lincolnshire) Limited**

### **Independent auditor's report to the members of FCC Environment (Lincolnshire) Limited**

#### **Opinion**

We have audited the financial statements of FCC Environment (Lincolnshire) 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 profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

#### **Basis for opinion**

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

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

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

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

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for 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 Environment (Lincolnshire) Limited**

### **Independent auditor's report to the members of FCC Environment (Lincolnshire) 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 10, 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 Environment (Lincolnshire) Limited**

### **Independent auditor's report to the members of FCC Environment (Lincolnshire) Limited**

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

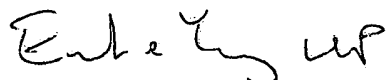
Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect irregularities, including fraud. The risk of not detecting a material misstatement due to fraud is higher than the risk of not 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. The Company also has to comply with general data protection regulations ('GDPR'), Health & Safety at Work Act, EU Directive on the Landfill of Waste, Environmental Permitting (England and Wales) Regulations, Employment Rights Act, Landfill Tax Regulations and Environmental Regulations.
- We understood how FCC Environment (Lincolnshire) 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.



Richard Frostick (Senior statutory auditor)  
for and on behalf of Ernst & Young LLP, Statutory Auditor  
Leeds  
29 July 2022

## FCC Environment (Lincolnshire) Limited

### Statement of comprehensive income For the year ended 31 December 2021

	Notes	2021 £'000	2020 £'000
Revenue	4	16,727	14,906
Staff costs	6	-	(142)
Other operating expenses		(12,201)	(11,082)
<b>Operating profit being profit before tax</b>	5	<b>4,526</b>	<b>3,682</b>
Tax on profit	8	(860)	(698)
<b>Profit for the financial year</b>		<b>3,666</b>	<b>2,984</b>
Other comprehensive income for the year, net of tax		-	-
<b>Total comprehensive income for the year</b>		<b>3,666</b>	<b>2,984</b>

The notes on pages 17 to 23 are an integral part of these financial statements.



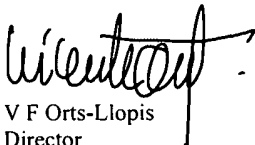
## FCC Environment (Lincolnshire) Limited

### Balance sheet As at 31 December 2021

	Note	2021 £'000	2020 £'000
<b>ASSETS</b>			
<b>Current assets</b>			
Trade and other receivables	9	5,424	8,785
Cash in escrow		1,930	520
Cash at bank and in hand		1,829	816
<b>TOTAL ASSETS</b>		<b>9,183</b>	<b>10,121</b>
<b>EQUITY AND LIABILITIES</b>			
Issued share capital	11	-	-
Retained earnings		3,650	2,984
<b>Total equity</b>		<b>3,650</b>	<b>2,984</b>
<b>Current liabilities</b>			
Trade and other payables	10	5,533	7,137
<b>Total liabilities</b>		<b>5,533</b>	<b>7,137</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>9,183</b>	<b>10,121</b>

The notes on pages 17 to 23 are an integral part of these financial statements.

The financial statements of FCC Environment (Lincolnshire) Limited, registered number 07418620 were approved by the Board of Directors and authorised for issue on 29 July 2022. They were signed on its behalf by:

  
V F Orts-Llopis  
Director

## FCC Environment (Lincolnshire) Limited

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

	Share capital £'000	Retained earnings £'000	Total £'000
<b>Year ended 31 December 2021</b>			
At 1 January 2021	-	2,984	2,984
Profit for the year and total comprehensive income	-	3,666	3,666
Dividend paid (note 11)	-	(3,000)	(3,000)
	<hr/>	<hr/>	<hr/>
<b>At 31 December 2021</b>	<b>-</b>	<b>3,650</b>	<b>3,650</b>
	<hr/>	<hr/>	<hr/>
<b>Year ended 31 December 2020</b>			
At 1 January 2020	-	21,599	21,599
Profit for the year and total comprehensive income	-	2,984	2,984
Dividend paid (note 11)	-	(21,599)	(21,599)
	<hr/>	<hr/>	<hr/>
<b>At 31 December 2020</b>	<b>-</b>	<b>2,984</b>	<b>2,984</b>
	<hr/>	<hr/>	<hr/>

## FCC Environment (Lincolnshire) Limited

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

#### 1. Corporate information

FCC Environment (Lincolnshire) Limited is a private company limited by shares incorporated in the United Kingdom under the Companies Act 2006, registered in England and Wales. The address of the registered office is given on page 1. The nature of the Company's operations and its principal activities are set out in the 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 Environment (Lincolnshire) 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 group financial statements, copies of which are available from its registered office at 3 Sidings Court, White Rose Way, Doncaster, DN4 5NU.

## **FCC Environment (Lincolnshire) 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).

##### **Going concern**

At 31 December 2021, the Company had net assets and net current assets of £3.7million.

The directors have reviewed projected cash flows and carefully considered the risks to the Company's performance and cash flows for the twelve month period following the date of signing of the financial statements, and have identified 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.

The Directors therefore continue to adopt the going concern basis in preparing the Annual report and financial statements.

##### **Cash in escrow**

Cash in escrow includes amounts held as collateral by third parties in relation to certain short term energy supply contracts where supplies have been guaranteed by the Company.

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

Cash and cash equivalents include cash-in-hand, deposits held at call with banks and other short-term investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. Cash and cash equivalents are carried in the balance sheet at cost. Bank overdrafts are shown within borrowings in current liabilities on the balance sheet.

##### **Taxation**

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

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

## **FCC Environment (Lincolnshire) Limited**

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

#### **2. Accounting policies (continued)**

##### **Taxation (continued)**

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.

##### **Revenue**

Revenue, including landfill tax, is stated net of VAT and trade discounts and is recognised when the significant risks and rewards are considered to have been transferred to the buyer. Revenue from the supply of services represents the value of services provided under contracts to the extent that there is a right to consideration and is recorded at the fair value of the consideration received or receivable. Revenue is recognised in respect of waste disposal services when the waste has been received and disposed of. Where payments are received from customers in advance of services provided, the amounts are recorded as deferred income and included as part of creditors due within one year.

##### **Trade and other receivables**

Trade and other receivables are recognised initially at fair value. Subsequent to initial recognition they are measured at amortised cost less any allowance for doubtful debts. Trade receivables, which generally have 30-60 day terms, are recognised and carried at original invoice amount less an allowance for any uncollectible amounts. An estimate for doubtful debts is made when collection of the full amount is no longer probable. Bad debts are written off when identified.

##### **Trade and other payables**

Trade and other payables are recognised initially at fair value. Subsequent to initial recognition, they are measured at amortised cost less any impairment losses.

## FCC Environment (Lincolnshire) Limited

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

#### 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.

#### 4. Revenue

Revenue, including landfill tax, was generated in the United Kingdom from the handling, recycling and disposal of waste materials.

#### 5. Profit before taxation

Auditor's remuneration in respect of statutory audit fees totalling £10,000 (2020: £7,000) will be met by the Company. In 2020, this was met by FCC Recycling (UK) Limited, a fellow subsidiary of FCC.

#### 6. Staff costs

The average monthly number of employees (including executive directors) employed by the Company during the year was:

	2021 Number	2020 Number
Operational	-	5

Their aggregate remuneration comprised:

	2021 £'000	2020 £'000
Wages and salaries	-	112
Social security costs	-	14
Pension costs (see note 12)	-	16
	-	142

Following the reorganisation in July 2020, staff costs are no longer recharged directly to the Company, but form part of a wider management services agreement. It is not possible to separately identify staff costs within that services recharge. Average employee numbers and costs shown above relate only to the period up to the reorganisation.

## FCC Environment (Lincolnshire) Limited

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

#### 7. 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 Environment (UK) Limited, a fellow FCC UK subsidiary, for services to FCC's UK Environment division as a whole and it is not therefore possible to directly attribute any element of their remuneration to the Company. A R Pike is remunerated by iCON without recharge to the Company or FCC Group.

#### 8. Tax on profit

The tax position comprises:

	2021 £'000	2020 £'000
<b>Current tax</b>		
United Kingdom corporation tax at 19% (2020: 19%) based on profit for the year	860	700
Adjustment in relation to prior year	-	(2)
<b>Total current tax</b>	<u>860</u>	<u>698</u>

#### Deferred tax

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

The total tax position for both the current and previous year differs from the average standard rate of 19% (2020: 19%) for the reasons set out in the following reconciliation:

	2021 £'000	2020 £'000
<b>Profit before tax</b>	<u>4,526</u>	<u>3,682</u>
Tax on profit at average standard rate	860	700
Effects of:		
Adjustment in relation to prior year	-	(2)
<b>Total tax</b>	<u>860</u>	<u>698</u>

#### 9. Trade and other receivables

	2021 £'000	2020 £'000
Trade receivables	2,109	2,266
Amounts owed by fellow subsidiary undertakings	26	4,236
Prepayments and accrued income	3,289	2,283
	<u>5,424</u>	<u>8,785</u>

Amounts owed by fellow subsidiary undertakings are unsecured, interest free, have no fixed date of repayment and are repayable on demand.

## FCC Environment (Lincolnshire) Limited

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

#### 10. Trade and other payables

	2021 £'000	2020 £'000
Trade payables	3,031	2,205
Other payables	499	-
Accruals and deferred income	-	40
Corporation tax	698	698
Amounts owed to fellow subsidiary undertakings	1,305	4,194
	<u>5,533</u>	<u>7,137</u>

Amounts owed by fellow subsidiary undertakings are unsecured, interest free, have no fixed date of repayment and are repayable on demand.

#### 11. Called-up share capital and reserves

	2021 £	2020 £
<b>Called-up, allotted and fully-paid:</b>		
2 ordinary shares of £1 each	<u>2</u>	<u>2</u>

#### *Profit and loss account*

Profit and loss account comprises cumulative profits or losses, including unrealised profits or losses recognised in the statement of comprehensive income, net of dividends.

The company paid a dividend of £1.5million per share in the year (2020: £10.8million)

#### 12. Retirement benefit schemes

Until the reorganisation in July 2020, the Company participated in the defined contribution scheme operated by FCC E UK on behalf of its eligible employees. The assets of the scheme are held separately from those of the Company in independently administered funds.

The total expense charged to the statement of comprehensive income in the year ended 31 December 2021 was £nil (2020: £16,000). Unpaid contributions at the year end were £nil (2020: £nil).

#### 13. Contingent liabilities

The Company is a member of a group VAT registration and as such has contingent liabilities for VAT in respect of other members of the Group.



## FCC Environment (Lincolnshire) Limited

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

#### 14. Related party transactions

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

Year ended 31 December 2021	Sales to £'000	Purchases from £'000	Receivable 31 December 2021 £'000	Payable 31 December 2021 £'000
FCC Recycling (UK) Limited	427	402	26	1,046
Hykeham O&M Services limited	-	8,839	-	-

Year ended 31 December 2020	Sales to £'000	Purchases from £'000	Receivable 31 December 2020 £'000	Payable 31 December 2020 £'000
FCC Recycling (UK) Limited	89	98	4,236	4,194
Hykeham O&M Services limited	-	9,097	-	-
WRG (Midlands) Limited	35	-	-	-

#### 15. Post balance sheet event

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 Group and the Company has limited exposure to overseas markets as its customer base arises entirely in the United Kingdom.

#### 16. Controlling party

The immediate parent of the Company is Green Recovery Projects Limited, a company registered in England and Wales.

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

Fomento de Construcciones y Contratas, S.A. is the parent company of the largest and smallest group of which the Company is a member, and for which group financial statements are drawn up. Copies of the financial statements of both FCC Environment (UK) Limited and Fomento de Construcciones y Contratas, S.A. are available from the Company Secretary, 3 Sidings Court, White Rose Way, Doncaster, DN4 5NU.