AWRP Holding Co Limited (formerly AmeyCespa (AWRP) Holding Co Limited)

Annual report and financial statements
For the year ended 31 December 2021
Company registration number 08717836

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Company information

Directors	N J Dawson R D Knight P A Skerman A R J Thakrar E A Wilson
Secretary	P J Hatcher
Company number	08717836
Registered office	3rd Floor 3-5 Charlotte Street Manchester England M1 4HB United Kingdom
Auditor	Deloitte LLP Four Brindley Place Birmingham United Kingdom B1 2HZ

Strategic report

The Directors present their strategic report for the Company and the Group, together with the audited financial statements for the year ended 31 December 2021. The Group comprises AWRP Holding Co Limited ("the Company") and its wholly owned subsidiary AWRP SPV Limited (formerly AmeyCespa (AWRP) SPV Limited).

Business review

On 30 October 2014 AWRP Holding Co Limited ("the Group") entered into a project agreement with North Yorkshire County Council for the design, installation, operation and maintenance of residential waste treatment facilities under a public-private partnership (PPP/PFI) concession for a period of 28 years and three months. Construction of the residential waste treatment facilities commenced in November 2014.

The Group's performance reflects the position under the PPP concession contract. The Service Commencement Date occurred on 1 March 2018, signalling the commencement of the operations and maintenance phase of the project. Further detail on the recognition of revenue is included in the accounting policies on page 18.

The results for the period are shown on page 13 in the income statement, which shows total revenue for the year of £31,270,000 (2020: £16,721,000) and profit from operations of £12,241,000 (2020: £1,326,000). Net finance expense for the period amounted to £5,362,000 (2020 expense: £5,430,000) and profit after tax was £5,086,000 (2020: loss £3,582,000). The increase in revenue and the balance of retained earnings compared to the previous year primarily reflects the improved performance during the year with respect to revenue from electricity generation, in addition to an overall increase in the operational efficiency of the facilities which, in turn, promoted increased third party waste processing activities and reduced pass-through performance and availability deductions.

Financial covenants have been met during the year and having considered the anticipated future performance and position of the Company, the Directors are of the opinion that the covenants will continue to be met.

Safety performance

The Group is committed to providing a safe environment for its sub-contractors and those impacted by its activities. Safety reports are provided at each board meeting. These are reviewed by the Directors who monitor actual performance against anticipated performance using industry benchmarks. Appropriate action is taken where necessary in order to ensure that all matters raised are fully resolved and are compliant with safety regulations.

Key performance indicators

The Directors consider key performance indicators to be the revenues from the PFI contract, volume of third party waste treatment and electricity generation, together with the operating profit from those operations, profit before tax and profit after tax.

Revenue of £31,270,000 (2020: £16,721,000), profit before tax of £6,879,000 (2020: loss £4,104,000) and profit after tax of £5,572,000 (2020: loss £3,582,000) reflect the improved performance during the year with respect to revenue from electricity generation. Third party waste treatment volume for the period was 41,000 tonnes (2020: 27,000 tonnes) and electricity generation was 182,000 MWh (2020: 161,000 MWh).

Measures have been put in place to improve the operational efficiency of the plant and address any remaining construction defect issues which impacted performance in the year.

Strategic report *(continued)*

Principal risks and uncertainties

Under the terms of the project agreement, the Group is required to meet certain key performance targets. The Directors review actual performance against those targets on a regular basis to mitigate risks arising from contract activities.

The risk of operational revenue deductions on the service and the maintenance elements of the PPP concession contract are passed to the sub-contractors as a pass-through cost, as is the risk of asset renewal expenditure.

The Group has committed term loan facilities which are secured on the assets and future revenues of the Group. Project revenues are linked to inflation at the inception of each financial year. The terms of the Group's financial instruments are such that the profile of the debt service cost is tailored to match the expected revenue.

The Group has a floating interest rate which is managed by entering into fixed interest rate swaps to mitigate interest rate exposure on the long-term facilities. The Group does not undertake speculative financial instrument transactions.

The Group's credit risk is primarily attributable to its receivables on the PPP contract which is held with a local authority. This risk is mitigated by maintaining a strong relationship with the Group's customer.

The Group's cash flow risk is managed by monitoring cash flow as part of the day-to-day control procedures. The Directors consider cash flow projections to ensure appropriate facilities are available to be drawn upon as necessary.

At a meeting of the board of Directors on 27 January 2023, P A Skerman was authorised to approve and issue the financial statements for the year ended 31 December 2021.

P A Skerman
Director
3rd Floor
3-5 Charlotte Street
Manchester
England
M1 4HB

27 January 2023

Directors' report

The Directors present their report together with the audited financial statements for the year ended 31 December 2021.

Strategic report

A review of the performance of the Group is included in the strategic report on page 2 and form part of this report by cross reference, and future developments of the Group are discussed below.

Principal activities

The Group's principal activities are the design, installation, operation and maintenance of residential waste treatment facilities under a public-private partnership concession for a period of 28 years and three months from 30 October 2014 to 31 January 2043 pursuant to a project agreement with North Yorkshire County Council, dated 30 October 2014.

Dividends

The Directors do not recommend the payment of a final dividend (2020: £nil). During the year the Directors did not approve the payment of an interim dividend (2020: £nil).

Future developments

The Group will continue in 2022 to deliver the waste management services that are stipulated under the PFI concession contract and focus on optimising the operational efficiency of the plant.

Going concern

The Directors have reviewed the Group's projected profits and cash flows by reference to a financial model covering accounting periods up to 2043. The model is updated with actuals and revised macroeconomic assumptions every six months, as well as being updated for any material changes in working capital treatment and to accurately forecast the timing of any upcoming, non-routine cash flows. Having examined the current status of the Group's principal contracts and likely developments in the foreseeable future, the Directors consider that the Group will be able to settle its liabilities as they fall due and accordingly the financial statements have been prepared on a going concern basis.

The balance sheet shows net liabilities of £6,046,000 (2020: £20,675,000). The Directors do not consider that this presents a going concern issue, as it is caused by interest rate swap liabilities which will not impact profit or loss until the end of the concession. The Group maintains cash reserves to provide resilience in addition to the mitigation measures taken in managing the principal risks identified in the strategic report on page 3.

The Directors continue to monitor the impact of Covid-19, particularly from an operational viewpoint. Restrictions and mitigations remain in place at the facilities and incidence of the virus has been very minimal, with no impact on service delivery since the balance sheet date. In light of this, and in the context of the ongoing containment of the virus at a wider national level, the Directors believe that Covid-19 does not present any material risk to income or cash flows.

After considering these matters and in light of the current forecasts for the Group, the Directors consider it appropriate to adopt the going concern basis in preparing the financial statements.

Directors' report *(continued)*

Directors

The Directors who held office during the period and to the date of this report unless otherwise stated were as follows:

A D Clapp	Resigned 24 August 2021
J G Connelly	Resigned 7 March 2022
N J Dawson	Appointed 19 May 2022 Resigned 30 November 2022 Appointed 15 December 2022
R D Knight	
J M Linney	Appointed 7 September 2021 Resigned 31 March 2022
K A L Pearman	Resigned 15 December 2022
P A Skerman	
A R J Thakrar	Appointed 31 March 2022
E A Wilson	

Directors' indemnities

The Group has made qualifying third party indemnity provisions for the benefit of its Directors which were made during the period and remain in force at the date of this report.

Climate change

The Directors do not consider climate change to be a principal risk or uncertainty at this time, specifically because the Group's and Company's core revenue stream, being the provision of waste processing services to North Yorkshire County Council, is protected against changes in government policy around climate change under the terms of its project agreement with the local authority, which provides a mechanism to compensate the Group and Company in the event that any legislative change affects the Group's ability to perform its obligations under the agreement. In addition, the Group and Company are not exposed to any future rise in the rate of landfill tax that may arise in an effort by government to promote recycling, as it passes through any landfill tax costs to its customer. The Board will review any specific required disclosures as and when mandatory Climate Change reporting becomes applicable but which is not expected until 2022.

Directors' report *(continued)*

Auditor

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

- so far as the Director is aware, there is no relevant audit information of which the Company's auditor is unaware; and
- the Director has taken all the steps that he/she ought to have taken as a Director in order to make himself/herself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

At a meeting of the board of Directors on 27 January 2023, P A Skerman was authorised to approve and issue the financial statements for the year ended 31 December 2021.

P A Skerman
Director
3rd Floor
3-5 Charlotte Street
Manchester
England
M1 4HB

27 January 2023

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 Group financial statements in accordance with United Kingdom adopted international accounting standards. The financial statements also comply with International Financial Reporting Standards (IFRSs) as issued by the IASB. The Directors have chosen to prepare the Parent Company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including FRS 101 "Reduced Disclosure Framework". Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

In preparing the Parent Company financial statements, the Directors are required to:

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

In preparing the Group financial statements, International Accounting Standard 1 requires that directors:

- properly select and apply accounting policies;
- 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 of the financial reporting framework are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance; and
- make an assessment of the Company's ability to continue as a going concern.

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.

Independent auditor's report to the members of AWRP Holding Co Limited

Report on the audit of the financial statements

Opinion

In our opinion:

- the financial statements of AWRP Holding Co Limited ("the Parent Company") and its subsidiaries ("the Group") give a true and fair view of the state of the Group's and of the Parent Company's affairs as at 31 December 2021 and of the Group's profit for the year then ended;
- the Group financial statements have been properly prepared in accordance with United Kingdom adopted international accounting standards and International Financial Reporting Standards (IFRSs) as issued by the International Accounting Standards Board (IASB);
- the Parent Company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 101 "Reduced Disclosure Framework"; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the consolidated Group income statement;
- the consolidated Group statement of comprehensive income;
- the consolidated Group and parent company balance sheets;
- the consolidated Group and parent company statements of changes in equity;
- the consolidated Group cash flow statement;
- the accounting policies; and
- the related notes 1 to 32.

The financial reporting framework that has been applied in the preparation of the Group financial statements is applicable law and United Kingdom adopted international accounting standards and IFRSs as issued by the IASB. The financial reporting framework that has been applied in the preparation of the Parent Company financial statements is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 101 "Reduced Disclosure Framework" (United Kingdom Generally Accepted Accounting Practice).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of the Group and the Parent Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's ("the FRC's") Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independent auditor's report to the members of AWRP Holding Co Limited *(continued)*

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 Group's and Parent Company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

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

Other information

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

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

We have nothing to report in this regard.

Responsibilities of directors

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

In preparing the financial statements, the Directors are responsible for assessing the Group's and the Parent 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.

Independent auditor's report to the members of AWRP Holding Co Limited *(continued)*

Auditor's responsibilities for the audit of the financial statements

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

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

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

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

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

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

- had a direct effect on the determination of material amounts and disclosures in the financial statements. These included UK Companies Act, tax legislation and regulations, COVID-19 UK Government relief; and
- do not have a direct effect on the financial statements but compliance with which may be fundamental to the Company's ability to operate or to avoid a material penalty. These included Bribery Act 2010, health and safety laws, pensions legislation and General Data Protection Regulation (GDPR).

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

Independent auditor's report to the members of AWRP Holding Co Limited *(continued)*

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

As a result of performing the above, we identified the greatest potential for fraud in the following areas, and our specific procedures performed to address it are described below:

- Risk of fraud in revenue recognition in construction and other long term contracts including the risk in the valuation of accrued income and also that of the completeness of onerous contract provisions – We have isolated the significant risk within revenue recognition to be in respect of those output specification contracts where the revenue calculation is driven by a full cost to complete model and revenue is not simply recognised over time. Embedded within these contracts are a number of assumptions that drive the cost to complete which was a focus of our audit work and challenge. In addressing this significant risk, we have:
    - obtained an understanding of management's process for monitoring revenue recognition in construction contracts and performed a walkthrough of the process;
    - used qualitative and quantitative criteria to identify contracts for testing across all of the Company;
    - performed focused substantive testing on the sampled contracts and challenged and evaluated assumptions in the cost to complete models;
    - analysed and evaluated recognition of revenue based on the percentage of completion of the projects;
    - corroborated the appropriate timing of revenue recognition (based on the percentage completion model and therefore testing the transactional cost listing) and subsequent credit notes; and
    - analysed, challenged and tested budgeted losses on construction projects to test the reasonableness of the future loss provision position or the absence thereof.

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

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

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

Independent auditor's report to the members of AWRP Holding Co Limited *(continued)*

Report on other legal and regulatory requirements

Opinions on other matters prescribed by the Companies Act 2006

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

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

In the light of the knowledge and understanding of the Group and of the Parent Company and their environment obtained in the course of the audit, we have not identified any material misstatements in the strategic report or the directors' report.

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required to report in respect of the following matters if, in our opinion:

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

We have nothing to report in respect of these matters.

Use of our report

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

DocuSigned by:

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Peter Gallimore FCA (Senior Statutory Auditor)
For and on behalf of Deloitte LLP
Statutory Auditor
Birmingham, United Kingdom
Date: 30 January 2023

Consolidated Group income statement
For the year ended 31 December 2021

	Notes	2021 £000	2020 £000
Revenue	5	**31,270**	16,721
Cost of sales		**(18,219)**	(14,610)
Gross profit		**13,051**	2,111
Administrative expenses		**(810)**	(785)
Profit from operations	6	**12,241**	1,326
Finance income	8	**11,976**	**12,398**
Finance expense	8	**(17,338)**	**(17,828)**
Profit/(loss) for the period before tax		**6,879**	(4,104)
Tax (charge)/credit	9	**(1,793)**	522
Profit/(loss) for the period attributable to equity shareholders of the Parent Company	17	**5,086**	(3,582)

All of the above relates to continuing activities.

The notes on pages 18 to 38 form part of these financial statements.

Consolidated Group statement of comprehensive income
For the year ended 31 December 2021

	Notes	2021 £000	2020 £000
Profit/(loss) after tax for the period		**5,086**	(3,582)
Other comprehensive income/(expense) that will not subsequently be reclassified			
Profit/(loss) recognised on derivative financial instruments	4	**10,554**	(5,008)
Deferred tax recognised on instruments	4, 9, 15, 17	**(1,011)**	1,394
Total other comprehensive income/(expense)		**9,543**	(3,614)
Total comprehensive income/(expense) for the period attributable to:			
Equity shareholders of the Parent Company		**14,629**	(7,196)

The notes on pages 18 to 38 form part of these financial statements.

Consolidated Group balance sheet
As at 31 December 2021

	Notes	2021 £000	2020 £000
Non-current assets			
Contract asset	10	**255,462**	265,173
Deferred tax asset	15	**2,178**	4,982
		257,640	270,155
Current assets			
Contract asset	10	**8,145**	10,621
Trade and other receivables	12	**11,673**	1,529
Cash and cash equivalents		**23,895**	18,644
		43,713	30,794
Total assets		**301,353**	300,949
Current liabilities			
Trade and other payables	13	**(3,374)**	(3,419)
Loans and borrowings	14	**(24,700)**	(20,872)
Derivative financial instruments	11	**(2,281)**	(3,414)
		(30,355)	(27,705)
Net current assets		**13,358**	3,089
Non-current liabilities			
Loans and borrowings	14	**(262,750)**	(270,204)
Derivative financial instruments	11	**(14,294)**	(23,715)
		(277,044)	(293,919)
Total liabilities		**(307,399)**	(321,624)
Net liabilities		**(6,046)**	(20,675)
Issued capital and reserves attributable to equity shareholders of the Parent Company			
Called-up share capital	16	**20**	20
Hedge reserve	17	**(12,431)**	(21,974)
Retained earnings	17	**6,365**	1,279
Total shareholders' deficit		**(6,046)**	(20,675)

The financial statements of AWRP Holding Co Limited, registered number 08717836 on pages 13 to 38 were approved and authorised for issue by the Board of Directors on 27 January 2023 and were signed on its behalf by:

P A Skerman
Director

The notes on pages 18 to 38 form part of these financial statements.

Consolidated Group statement of changes in equity
For the year ended 31 December 2021

	Called up share capital	Hedging reserve	Retained earnings	Total
	£000	£000	£000	£000
Balance at 1 January 2020	20	(18,360)	4,861	Total
Loss for the period	-	-	(3,582)	(3,582)
Other comprehensive expense for the period	-	(3,614)	-	(3,614)
Total comprehensive expense for the period	-	(3,614)	(3,582)	(7,196)
Balance at 31 December 2020	20	(21,974)	1,279	(20,675)
Balance at 1 January 2021	**20**	**(21,974)**	**1,279**	**(20,675)**
Profit for the period	**-**	**-**	**5,086**	**5,086**
Other comprehensive income for the period	**-**	**9,543**	**-**	**9,543**
Total comprehensive income for the period	**-**	**9,543**	**5,086**	**14,629**
Balance at 31 December 2021	**20**	**(12,431)**	**6,365**	**(6,046)**

The notes on pages 18 to 38 form part of these financial statements.

Consolidated Group statement of cash flows
For the year ended 31 December 2021

	Notes	2021 £000	2020 £000
Cash flows from operating activities			
Profit/(loss) before tax for the period		**6,879**	(4,104)
Adjustments for:			
Finance income	8	**(11,976)**	(12,398)
Finance expense	8	**17,338**	17,828
		12,241	1,326
(Increase)/decrease in trade and other receivables		**(10,144)**	940
Increase in trade and other payables		**19**	491
Cash received in operations		**2,116**	2,757
Interest received		**11,976**	12,398
Interest paid		**(9,898)**	(14,530)
Net cash received/(used) in operating activities		**4,194**	625
Cash flow from investing activities			
Contract asset		**12,187**	13,551
Net cash from investing activities		**12,187**	13,551
Cash flows from financing activities			
Agency fees		**(38)**	(35)
Repayment of bank borrowings		**(11,092)**	(10,978)
Net cash from financing activities		**(11,130)**	(11,013)
Net increase in cash and cash equivalents		**5,251**	3,163
Cash and cash equivalents at beginning of period		**18,644**	15,481
Cash and cash equivalents at end of period		**23,895**	18,644

The notes on pages 18 to 38 form part of these financial statements.

Notes to the financial statements
(forming part of the financial statements)

1 General information

The Group's principal activities are the design, installation, operation and maintenance of residential waste treatment facilities under a public-private partnership concession for a period of 28 years and three months from 30 October 2014 to 31 January 2043 pursuant to a project agreement with North Yorkshire County Council, dated 30 October 2014.

AWRP Holding Co Limited is a private company limited by share capital, incorporated and domiciled in the UK and registered in England and Wales under Companies Act 2006.

The company secretary and address of the registered office are as follows:

P J Hatcher
3rd Floor
3-5 Charlotte Street
Manchester
England
M1 4HB

2 Accounting policies

Other principal accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below.

These policies have been consistently applied to the years presented, unless otherwise stated.

These financial statements have been prepared in accordance with International Financial Reporting Standards.

The financial statements have been prepared under the historical cost convention.

New accounting standards

Other new standards, amendments and interpretations adopted by the United Kingdom and mandatorily applicable for the first time in 2021

During the year ended 31 December 2021, the following additional standards which might have had an impact on the financial statements came into force in the United Kingdom:

Amendments to IFRS 4	Applying IFRS 9 with IFRS 4
Amendment to IFRS 16	Covid related rent concessions
Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16	Interest rate benchmark reform

No significant impact on the Group's consolidated financial statements has been identified because of these additional standards and amendments.

Notes to the financial statements *(continued)*

2 Accounting policies *(continued)*

New accounting standards *(continued)*

New standards, amendments and interpretations mandatorily applicable in annual reporting periods after 2021

The other new standards, amendments and interpretations approved by the IASB and approval status for use in the United Kingdom at 31 December 2021 and which are not expected to have an impact for the Company are as follows:

New standards, amendments and interpretations		Date applicable from	Approval status
Amendment to IFRS 3	Conceptual framework	01/01/2022	Not approved
Amendment to IAS 16	Property, plant and equipment: proceeds before intended use	01/01/2022	Not approved
Amendment to IAS 37	Onerous contracts	01/01/2022	Not approved
Annual improvements	2018-2020 cycle	01/01/2022	Not approved
IFRS 17	Insurance contracts	01/01/2023	Not approved
Amendment to IAS 1	Classification of liabilities as current or non-current	01/01/2023	Not approved
Amendment to IAS 1	Disclosure of accounting policies	01/01/2023	Not approved
Amendment to IAS 8	Definition of accounting estimates	01/01/2023	Not approved
Amendment to IAS 12	Deferred tax relating to assets and liabilities arising from a single transaction	01/01/2023	Not approved

The Company will not adopt these new standards, amendments and interpretations early for the year ended 31 December 2021 but will adopt them in line with the commencement date stated above.

Going concern

The Directors have reviewed the Group's projected profits and cash flows by reference to a financial model covering accounting periods up to 2043. The model is updated with actuals and revised macroeconomic assumptions every six months, as well as being updated for any material changes in working capital treatment and to accurately forecast the timing of any upcoming, non-routine cash flows. Having examined the current status of the Group's principal contracts and likely developments in the foreseeable future, the Directors consider that the Group will be able to settle its liabilities as they fall due and accordingly the financial statements have been prepared on a going concern basis.

The balance sheet shows net liabilities of £6,046,000 (2020: £20,675,000). The Directors do not consider that this presents a going concern issue, as it is caused by interest rate swap liabilities which will not impact profit or loss until the end of the concession. The Group maintains cash reserves to provide resilience in addition to the mitigation measures taken in managing the principal risks identified in the strategic report on page 3.

The Directors continue to monitor the impact of Covid-19, particularly from an operational viewpoint. Restrictions and mitigations remain in place at the facilities and incidence of the virus has been very minimal, with no impact on service delivery since the balance sheet date. In light of this, and in the context of the ongoing containment of the virus at a wider national level, the Directors believe that Covid-19 does not present any material risk to income or cash flows.

Notes to the financial statements *(continued)*

2 Accounting policies *(continued)*

Going concern *(continued)*

After considering these matters and in light of the current forecasts for the Group, the directors consider it appropriate to adopt the going concern basis in preparing the financial statements.

Revenue recognition

PFI revenue has been accounted for using the financial asset model, where it has been determined that the Group has an unconditional right to receive cash for the construction service. Revenue is determined by the fair value of consideration received or receivable in respect of goods and services provided in the same way as other long-term contracts. The amounts recoverable from the infrastructure enhancement element of PFI contracts are shown separately on the face of the balance sheet as PFI financial assets.

The revenue is measured at the present value of cash inflows expected to be recovered at a discount rate which reflects the time-value of money. The unwinding of the discount is included in interest receivable and similar income.

Revenue from other contract activities represents fee income receivable in respect of services provided during the year. Estimates are included of amounts not yet invoiced.

All revenue excludes Value Added Tax.

Foreign currency transactions and balances

The functional currency is the currency of the primary economic environment In which the Group operates (pound sterling). Foreign currency denominated transactions and balances are translated using the exchange rate ruling at the date of the transaction or balance. Gains or losses arising are included in the income statement as they arise.

Trade and other receivables

Trade and other receivables are amounts due from customers for services performed in the ordinary course of business. They are initially recognised at fair value and subsequently measured at amortised cost, less provision for impairment.

Financial instruments

Recognition and de-recognition

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the financial instrument. Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and substantially all the risks and rewards are transferred. A financial liability is derecognised when it is extinguished, discharged, cancelled or expires.

Notes to the financial statements *(continued)*

2 Accounting policies *(continued)*

Financial instruments *(continued)*

Classification and initial measurement of financial asset

Except for those trade receivables that do not contain a significant financing component, and which are measured at the transaction price in accordance with IFRS 15, all financial assets are initially measured at fair value adjusted for applicable transaction costs. Financial assets, other than those designated and effective as hedging instruments, are classified into the following categories: amortised cost; fair value through profit or loss (FVTPL); or fair value through other comprehensive income (FVOCI). The classification is determined by both the Group's business model for managing the financial asset and the contractual cash flow characteristics of the financial asset.

Subsequent measurement of financial assets

(a) Financial assets at amortised cost – financial assets are measured at amortised cost if the assets meet the following conditions (and are not designated as FVTPL): they are held within a business model whose objective is to hold the financial assets and collect its contractual cash flows and the contractual terms of the financial assets give rise to cash flows that are solely payments of principal and interest.

(b) Financial assets at FVTPL – financial assets that are held within a different business model other than hold to collect' or 'hold to collect and sell' are categorised at FVTPL. Further, irrespective of a business model, financial assets whose contractual cash flows are not solely payments of principal and interest are accounted for at FVTPL. All derivative financial instruments fall into this category, except for those designated and effective as hedging instruments, for which the hedge accounting requirements apply (see below).

(c) Financial assets at FVOCI – the Company accounts for financial assets at FVOCI if the assets meet the following conditions: they are held under a business model whose objective it is 'hold to collect' the associated cash flows and the contractual terms of financial assets give rise to cash flows that are solely payments of principal and Interest. Any gains or losses recognised in other comprehensive income (OCI) will be recycled upon de-recognition of the asset.

Notes to the financial statements *(continued)*

2 Accounting policies *(continued)*

Impairment of financial assets

IFRS 9's impairment requirements use forward-looking information to recognise expected credit losses – the 'expected credit loss (ECL) model'. Instruments within the scope of the requirements include loans and other debt-type financial assets measured at amortised cost and FVOCI, trade receivables, contract assets recognised and measured under IFRS 15 and loan commitments and some financial guarantee contracts (for the issuer) that are not measured at FVTPL. Recognition of credit losses is no longer dependent on the Company first identifying a credit loss event. Instead the Group considers a broader range of information when assessing credit risk and measuring expected credit losses, including past events; current conditions, and reasonable and supportable forecasts that affect the expected collectability of the future cash flows of the instrument. In applying this forward-looking approach, a distinction is made between:

- Stage 1 – financial instruments that have not deteriorated significantly in credit quality since initial recognition or that have low credit risk;
- Stage 2 – financial instruments that have deteriorated significantly in credit quality since initial recognition and whose credit risk is not low; and
- Stage 3 – financial assets that have objective evidence of impairment at the reporting date. Twelve-month expected credit losses are recognised for the first category while lifetime expected credit losses are recognised for the second category. Measurement of the expired credit losses is determined by a probability-weighted estimate of credit tosses over the expected life of the financial instrument.

Trade receivables are initially recognised and carried at the lower of their original invoiced value and recoverable amount. Balances are written off when the probability of recovery is remote. The Group makes use of a simplified approach in accounting for trade and other receivables and records the loss allowance as lifetime expected credit losses. These are the expected shortfalls in contractual cash flows, considering the potential for default at any point during the life of the financial instrument. The Group uses historical experience, external indicators and forward-looking information to calculate the expected credit losses. The Group assesses impairment of trade receivables on a collective basis. Where they possess shared credit risk characteristics, they have been grouped based on industry sector global default rates.

Classification and measurement of financial liabilities

Financial and equity instruments are classified according to the substance of the contractual arrangements entered. An equity instrument is any contract that provides a residual interest in the assets of a business after deducting all other liabilities. The Group's financial liabilities include borrowings, trade and other payables and derivative financial instruments. Financial liabilities are initially measured at fair value, and, where applicable, adjusted for transaction costs unless the Group designated a financial liability at FVTPL. Subsequently, financial liabilities are measured at amortised cost using the effective interest rate (EIR) method except for derivatives and financial liabilities designated at FVTPL, which are carried subsequently at fair value with gains or losses recognised in profit or loss (other than derivative financial instruments that are designated and effective as hedging instruments). All interest-related charges and, if applicable, changes in an instrument's fair value that are reported in profit or loss are included within finance costs.

(a) Borrowings – borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost unless they form part of a fair value hedge relationship. Any difference between the amount initially recognised (net of transaction costs) and the redemption value is recognised in the income statement over the period of the borrowings using the EIR method. Borrowings being novated or cancelled and re-issued, with a substantial modification of the terms, are accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability, with any resulting gain or loss recognised in the income statement.

Notes to the financial statements *(continued)*

2 Accounting policies *(continued)*

Classification and measurement of financial liabilities *(continued)*

(b) Trade and other payables – trade and other payables are non-interest bearing and are stated at their fair value and subsequently measured at amortised cost using the EIR method.

(c) Derivative financial instruments and hedging activities – derivatives are initially recognised at fair value on the date a derivative contract is entered and are subsequently re-measured at their fair value. Derivative financial instruments are accounted for at FVTPL except for derivatives designated as hedging instruments in cash flow hedge relationships, which require a specific accounting treatment. To qualify for hedge accounting, the hedging relationship must meet the following requirements: there is an economic relationship between the hedged item and the hedging instrument; and the effect of credit risk does not dominate the value changes that result from that economic relationship. The method of recognising the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged. The Group designates certain derivatives either as fair value hedges, where they hedge exposure to changes in the fair value of the hedged asset or liability or as cash flow hedges, where they hedge exposure to variability in cash flows that are attributable to a risk associated with any changes in the fair value of the hedged asset, liability or forecasted transaction. The Group documents at the inception of the transaction the relationship between hedging instruments and hedged items, as well as its risk management objectives and strategy for undertaking various hedging transactions. The Group also documents, both at hedge inception and on an ongoing basis, its assessment of whether the derivatives used in hedging transactions are highly effective in offsetting changes in fair values or cash flows of hedged items. The fair value of a derivative is classified as a non-current asset or liability when the remaining maturity is more than 12 months and as a current asset or liability where it is less than 12 months.

(d) Fair value hedge – all hedging relationships that were hedging relationships under IAS 39 at the 31 December 2021 reporting date meet the IFRS 9's criteria for hedge accounting at 1 January 2019 and are therefore regarded as continuing hedging relationships. Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recorded in the income statement, together with any changes in the fair value gains and losses on any underlying hedged items that are part of a fair value hedging relationship. If the hedge no longer meets the criteria for hedge accounting, the adjustment to the carrying amount of a hedged item for which the EIR method is used is amortised in the income statement over the period to maturity.

(e) Cash flow hedge – the effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in OCI. To the extent that the hedge is effective, changes in the fair value of derivatives designated as hedging instruments in cash flow hedges are recognised in OCI and included within the cash flow hedge reserve in equity. Any ineffectiveness in the hedge relationship is recognised immediately in profit or loss. Amounts accumulated in equity are recycled in the income statement in the periods when the hedged item affects profit or loss. When a hedging instrument expires or is sold, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in equity at that time remains in equity and is recognised when the forecast transaction is ultimately recognised in the income statement. When or if a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in equity is immediately transferred to the income statement.

Notes to the financial statements *(continued)*

2 Accounting policies *(continued)*

Classification and measurement of financial liabilities *(continued)*

(f) Derivatives at fair value through profit and loss – certain derivative instruments do not qualify for hedge accounting. Changes in the fair value of these derivative instruments are recognised immediately in the income statement. When derivatives are designated in a hedge relationship, the net interest payable or receivable on those derivatives is recorded net of the interest on the underlying hedged item in the income statement. When derivatives are not in a hedge relationship, the fair value changes on these derivatives are recognised within fair value gains or losses on financial instruments in the income statement. The interest payable and receivable on those derivatives are recorded at their net amount in finance costs in the income statement.

Current and deferred income tax

The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss, except that a change attributable to an item of income or expense recognised as other comprehensive income is also recognised directly in other comprehensive income.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the company operates and generates taxable income.

Deferred income tax is recognised on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements and on unused tax losses or tax credits in the company. Deferred income tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

The carrying amount of deferred tax assets are reviewed at each reporting date and a valuation allowance is set up against deferred tax assets so that the net carrying amount equals the highest amount that is more likely than not to be recovered based on current or future taxable profit.

Cash at bank and in hand

Cash at bank and in hand includes cash and deposits with banks. Bank overdrafts are shown within borrowings in current liabilities.

Interest receivable and interest payable

Interest payable and similar expenses include interest payable on borrowings and associated ongoing financing fees. Other interest receivable and similar income include interest receivable on funds invested and

Other interest receivable and similar income include interest receivable on funds invested and interest recognised on the financial asset, based upon the revenue recognition accounting policy above.

Interest income and interest payable are recognised in profit or loss as they accrue, using the effective interest method.

Notes to the financial statements *(continued)*

3 Critical accounting estimates and judgements

The Group makes certain estimates and assumptions regarding the future. Estimates and judgements are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In the future, actual experience may differ from these estimates and assumptions. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Judgements

(a) Revenue recognition and contract costs

A significant amount of the Group's activities are undertaken via long term contracts which are accounted for in accordance with IFRIC 12 Service Concession Arrangements.

Management bases its judgement of contract costs and revenue on the latest available information, which includes detailed contract valuations. In many cases the results reflect the expected outcome of long-term contractual obligations which span more than one reporting period. Contract costs and revenue are affected by a variety of uncertainties that depend on the outcome of future events and often need to be revised as events unfold and uncertainties are resolved. The estimates are updated regularly and significant changes are highlighted through established internal control procedures. The impacts of the changes in accounting estimates are then reflected in the ongoing results.

(b) Fair value of financial instruments

The Group determines the fair value of financial instruments that are not quoted, using valuation techniques. Those techniques are significantly affected by the assumptions used, including discount rates and estimates of future cash flows. In that regard, the derived fair value estimates cannot always be substantiated by comparison with independent markets and, in many cases, may not be capable of being realised immediately.

(c) Key sources of estimation uncertainty

There are no key sources of estimation uncertainty.

4 Financial instruments – risk management

The Group is exposed through its operations to the following financial risks:

- Credit risk
- Cash flow interest rate risk
- Liquidity risk

In common with all other businesses, the Group is exposed to risks that arise from its use of financial instruments. This note describes the Group's objectives, policies and processes for managing those risks and the methods used to measure them. Further quantitative information in respect of these risks is presented throughout these financial statements.

Notes to the financial statements *(continued)*

4 Financial instruments – risk management *(continued)*

Principal financial instruments

The principal financial instruments used by the Group, from which financial instrument risk arises, are as follows:

- Trade receivables
- Cash and cash equivalents
- Trade and other payables
- Financial assets
- Floating rate bank loans
- Interest rate swaps

A summary of the financial instruments held by category is provided below.

Financial assets

Financial assets are classified as trade and other receivables, PPP financial assets and intangible assets.

Financial liabilities

- Financial instruments measured at fair value

IFRS 7 (Financial Instruments: Disclosure) requires the Group to analyse its financial assets and liabilities held at fair value according to the valuation basis applied. Level 1 represents fair values based on quoted prices in active markets; Level 2 represents fair values where valuation inputs are based on observable market data; Level 3 represents fair values where any significant valuation input is not based on observable market data.

The Group has no Level 1 or Level 3 financial assets or liabilities. The amounts held at Level 2 basis of valuation and included within the balance sheet in respect of derivative contracts which is a non-current liability is as follows:

Derivative financial instrument	Fair value measurement 31 December using Level 2	
	2021	2020
	£000	£000
Current liability	**2,281**	3,414
Non-current liability	**14,294**	23,715
	16,575	27,129
Fair value loss recognised on new derivative financial instruments	**10,554**	(5,008)
Deferred tax recognised on new derivative financial instruments	**(1,011)**	1,394
Included in the statement of comprehensive income in respect of financial liability	**9,543**	(3,614)

As a condition of the lending, the Group is required to take out interest rate hedges to fix the interest rate to hedge against cash flow interest rate risk until the debt has been repaid. In respect of the term loan, the hedge value at 31 December 2021 was £16,575,000 (2020: £27,129,000) and it will expire in January 2040.

Notes to the financial statements *(continued)*

4 Financial instruments – risk management *(continued)*

– Financial instruments measured at fair value *(continued)*

All financial liabilities with the exception of derivatives are classified as other financial liabilities measured at amortised cost.

General objectives, policies and processes

The Board has overall responsibility for the determination of the Group's risk management objectives and policies and, whilst retaining ultimate responsibility for them, it has delegated the authority for designing and operating processes that ensure the effective implementation of the objectives and policies to the Group's finance function.

The overall objective of the Board is to set polices that seek to reduce risk as far as possible without unduly affecting the Group's competitiveness and flexibility. Further details regarding these policies are set out over the page.

Credit risk

The Group's main financial assets are cash and cash equivalents, a PFI/PPP financial asset as well as trade and other receivables and the PFI/PPP financial asset represents the Group's maximum exposure to credit risk in connection with its financial assets. The Group's credit risk is mainly attributable to its public sector trade receivables from a local authority. The amounts are carried on the balance sheet net of any provision for doubtful receivables estimated by the Directors based on experience and an evaluation of prevailing economic circumstances.

None of the financial assets are past due. The PFI/PPP financial asset will be recovered over the life of the contract.

Credit quality of financial assets and impairment losses

The ageing of trade receivables and other financial assets at the balance sheet date was:

	Gross 2021 £000	Gross 2020 £000
Past due	**381**	326
Not past due	**11,292**	1,203
	11,673	1,529

Interest rate risk

The Group is exposed to interest rate risk from long-term borrowings at variable rate. The Group's exposure to variable rate long-term borrowings is eliminated through the use of interest rate hedge contracts. A sensitivity analysis has not been performed on the basis that the majority of variable interest rates are swapped for fixed rates and therefore the exposure to interest rate risk is minimised.

Notes to the financial statements *(continued)*

4 Financial instruments – risk management *(continued)*

Cash flow interest rate risk

The Group's interest rate risk on its sterling floating interest rate loan is managed by entering into fixed interest rate swaps to mitigate interest rate exposure on the long-term facilities. The Group is exposed to the GBP LIBOR interest rate benchmark within its hedge accounting relationships, which is subject to interest rate benchmark reform. The Group is closely monitoring the market and the output from the various industry working groups managing the transition to new benchmark interest rates. This includes announcements made by LIBOR regulators (including the Financial Conduct Authority (FCA)) regarding the transition away from LIBOR to the Sterling Overnight Index Average Rate (SONIA). The Group has reached out to its floating rate lenders and swaps counterparties to consider contract consequences and awaits further information. The FCA has made clear that, at the end of 2021, it will no longer seek to persuade, or compel, banks to submit to LIBOR.

None of the Group's current GBP LIBOR linked contracts include adequate and robust fall-back provisions for a cessation of the GBP LIBOR referenced benchmark interest rate. Different working groups in the industry are working on fall back language for different instruments and different IBORs, which the Group is closely monitoring and it will look to implement agreed Lenders' amendments to the reference benchmark interest rate when appropriate.

Cash flow interest rate risk *(continued)*

Below are details of the Group's hedging instruments and hedged items in scope of the IFRS 9/IAS 39 amendments due to interest rate benchmark reform. The hedged items are the term loan floating rate commercial loans treated within Secured Bank loans balances as disclosed in note 14, the terms of which match those of the corresponding hedging instruments.

Hedge type	Instrument type	Maturing	Notional (£)	Hedge
Cash flow hedges	Receive 6 month GBP LIBOR	31-Mar-40	100,160,000	GBP LIBOR issued debt of the same maturity and nominal of the swap

The Group will continue to apply the amendments to IFRS 9/IAS 39 until the uncertainty arising from the interest rate benchmark reforms with respect to the timing and the amount of the underlying cash flows that the Group is exposed ends. The Group has assumed that this uncertainty will not end until the Group's contracts that reference LIBOR are amended to specify the date on which the interest rate benchmark will be replaced, the cash flows of the alternative benchmark rate and the relevant spread adjustment.

The Group does not undertake speculative financial instrument transactions.

Notes to the financial statements *(continued)*

4 Financial instruments – risk management *(continued)*

Liquidity risk

Liquidity risk is defined as the risk that the Group would not be able to settle or meet its obligations on time or at a reasonable price. Management is responsible for liquidity, funding and settlement management. In addition, liquidity and funding risks, as well as related processes and policies, are overseen by management. The Group manages its liquidity risk based on business needs, tax, capital or regulatory considerations, if applicable, through numerous sources of finance in order to maintain flexibility. In accordance with IFRS 7 (Financial Instruments Disclosures), the table below sets out the repayment of principal and associated interest payments.

	Due in 2022	Due in 2023	Due in 2024 and later	**Total**
	£000	£000	£000	**£000**
PPP/PFI non-recourse loans				
Principal	11,008	10,752	176,125	**197,885**
Interest	6,730	6,643	60,180	**73,554**
Derivatives	2,829	1,373	12,921	**17,122**
	20,567	18,768	249,226	**288,561**

Details of the committed funding to be drawn down is disclosed in note 13. More details in regard to the line items are included in the respective notes:

- Trade and other payables – note 13
- Loans and borrowings – note 14
- Derivative financial instruments – note 11

Capital Structure

The Group manages its cash, bank loans and overdrafts and equity as capital. The Group's principal objective is to ensure that the Group has sufficient capital to fund its operations. In developing business plans, management considers the likely capital requirements and how to fund these requirements.

The Group's capital was summarised as follows:

	2021	2020
	£000	£000
Cash and cash equivalents	**(23,895)**	(18,644)
Bank loans	**195,429**	206,178
Shareholder loans	**92,021**	84,898
Total shareholder's deficit	**(6,046)**	(20,675)
Total capital	**257,509**	251,757

Notes to the financial statements *(continued)*

5 Revenue

An analysis of the Group's revenue is as follows:

	2021	2020
	£000	£000
Continuing operations		
Revenue from the PPP contract with North Yorkshire County Council:		
Revenue from construction contracts	250	41
Waste processing services	7,641	4,652
Recovery of pass-through costs	1,485	1,384
Property rental income	902	858
	10,278	6,935
Revenue from third parties:		
Electricity generation	17,374	7,260
Waste processing operations	3,618	2,526
	20,992	9,786
	31,270	16,721

6 Profit from operations

Profit from operations is stated after charging:

	2021	2020
	£000	£000
Auditor's remuneration relating to the audit of the financial statements	17	25

Fees paid for non-audit services were £nil (2020: £nil).

7 Directors and key management personnel remuneration

No staff were directly employed by the Group (2020: none). Services provided by the contractors include the provision of staff and management to perform contractual responsibilities. Costs associated with the staff and management are included within the contractors' service charge.

None of the Directors received emoluments directly from the Group (2020: £nil). A payment is made for services of Directors to their employers.

	2021	2020
	£000	£000
Amounts payable in respect of directors' services to third parties	127	124

Notes to the financial statements *(continued)*

8 Finance income and expense

Net finance expense recognised in the income statement

	2021 £000	2020 £000
Finance income		
Interest income on financial assets measured at amortised cost	**11,976**	12,342
Other interest receivable	**-**	56
Total finance income	**11,976**	12,398
Finance expense		
Interest expense on financial liabilities measured at amortised cost	**14,358**	15,193
Other interest payable	**2,980**	2,635
Total finance expense	**17,338**	17,828
Net finance expense recognised in the income statement	**(5,362)**	(5,430)

9 Taxation

	2021 £000	2020 £000
Deferred tax		
Origination and reversal of temporary difference	**(1,779)**	692
Adjustment in respect to prior periods	**(14)**	(170)
Total income tax (charge)/credit	**(1,793)**	522
Profit/(loss) for the period before tax	**6,879**	(4,104)
Expected tax credit/(charge) based on the effective rate of United Kingdom Corporation tax of 19% (2020: 19%)	**(1,307)**	780
Effect of change in tax rate	**(472)**	(102)
Permanent differences	**-**	14
Adjustment in respect of prior year – deferred tax	**(14)**	(170)
Total income tax (charge)/credit	**(1,793)**	522

Deferred tax assets have been recognised in respect of tax losses and other temporary differences where the Directors believe it is probable that these assets will be recovered.

Finance Act 2021 increased the main rate of corporation tax from 19% to 25% from 1 April 2023. Deferred tax balances have therefore been remeasured at 25%.

Notes to the financial statements *(continued)*

10 Contract asset

	2021 £000	2020 £000
Non-current	**255,462**	265,173
Current	**8,145**	10,621
At 31 December	**263,607**	275,794

	2021 £000	2020 £000
At beginning of period	**275,794**	289,344
Interest income on financial assets measured at amortised cost	**11,976**	12,342
Construction costs	**250**	-
Net operating costs	**5,006**	3,478
Unitary charge receipt	**(29,419)**	(29,370)
At 31 December	**263,607**	275,794

The contract asset is a fixed rate financial asset and born interest during the year at an average rate of 4.5% (2020: 4.5%).

11 Derivative financial instruments

	2021 £000	2020 £000
Derivatives designated as hedging instruments:		
• Interest rate swaps – cash flow hedge	**16,575**	27,129
Total derivative financial liability	**16,575**	27,129
Current	**2,281**	3,414
Non-current	**14,294**	23,715
	16,575	27,129

Notes to the financial statements *(continued)*

11 Derivative financial instruments *(continued)*

Cash flow interest rate swaps

The Group manages its cash-flow interest rate risk by using floating-to-fixed interest rate swaps. Normally the Group raises long-term borrowings at floating rates and then fixes the interest rate by entering into an interest rate swap contract "derivative".

The notional principal amounts of outstanding floating-to-fixed interest rate swap contracts designated as derivative financial instruments in cash flow interest rate hedges of variable rate debt at 31 December 2021 totalled £100,160,374 (2020: £105,774,404).

At 31 December 2021, the main floating rates for the interest rate swaps were based on LIBOR. Gains and losses recognised in the cash flow hedging reserve in equity (note 16) on interest rate swap contracts as at 31 December 2021 will be released to the statement of comprehensive income as the related interest expense is recognised. Information on the maturities of the floating rate loans is provided in note 14.

12 Trade and other receivables

	2021	2020
	£000	£000
Trade receivables	**381**	343
Prepayments	**386**	288
Accrued income	**10,906**	851
Other receivables	**-**	47
Total trade and other receivables	**11,673**	1,529
Current	**11,673**	1,529

Book values approximate to fair value at 31 December 2021.

13 Trade and other payables

	2021	2020
	£000	£000
Trade payables	**379**	411
Accruals	**1,518**	1,396
Swap interest accrued	**717**	781
Other payables	**760**	831
Total financial liabilities, excluding loans and borrowings classified as financial liability measured at amortised cost	**3,374**	3,419
Total trade and other payables	**3,374**	3,419

Book values approximate to fair value at 31 December 2021.

Notes to the financial statements *(continued)*

14 Loans and borrowings

The book value and fair value of loans and borrowings are as follows:

	Book value 2021 £000	**Fair value 2021 £000**	Book value 2020 £000	Fair value 2020 £000
Current				
Secured bank loans	**11,008**	**11,008**	11,092	11,092
Shareholder loan	**13,692**	**13,692**	9,780	9,780
	24,700	**24,700**	20,872	20,872
Non-current				
Secured bank loans	**184,421**	**186,877**	195,086	197,885
Shareholder loan	**78,329**	**66,414**	75,118	70,326
	262,750	**253,291**	270,204	268,211
Total loans and borrowings	**287,450**	**277,991**	291,076	289,083

The secured bank loans were fully drawn by January 2018 and became repayable thereafter in six-monthly instalments commencing 30 September 2018, until the final repayment scheduled for January 2040.

The secured bank loans repayable after five years from the balance sheet date are £146,992,509.

Principal terms and the debt repayment schedule of the Group's loans and borrowings are as follows as at 31 December 2021:

	Currency	**Nominal rate %**	**Year of maturity**
Term loan fixed interest rate – European Investment Bank	Sterling	4.32%	2040
Term loan floating interest rate – Commercial Lenders	Sterling	2.37%	2040

Bank Borrowings

The fair values of the non-current bank borrowings are based on cash flows discounted using rates based on the applicable market rate. The discount rates applied were within the range 2.69% to 4.51% (2020: 3.38% to 4.51%).

The Group had no undrawn committed borrowing facilities available at 31 December 2020 following final drawings during the year as follows:

	Fixed rate 2021 £000	Fixed rate 2020 £000	**Floating rate 2021 £000**	Floating rate 2020 £000
Facility arrangement cost	**(828)**	(874)	**(1,692)**	(1,785)

The facilities are secured by fixed charge over authorised investments, credit balances, receivables and any other assets and by first floating charge over all its secured assets.

Notes to the financial statements *(continued)*

15 Deferred tax

Deferred tax is calculated in full on temporary differences under the liability method using a tax rate of 19%.

Deferred tax assets have been recognised in respect of tax losses and other temporary differences where the directors believe it is probable that these assets will be recovered.

The movement on the deferred tax account is as shown below:

	2021	2020
	£000	£000
At beginning of period	**4,982**	3,066
Recognised in the income statement		
Tax (charge)/credit	**(1,793)**	522
Recognised in other comprehensive income		
(Gains)/losses on derivative financial instruments	**(1,011)**	1,394
At 31 December	**2,178**	4,982

Deferred tax assets have been recognised in respect of tax losses and other temporary differences where the Directors believe it is probable that these assets will be recovered.

Finance Act 2021 increased the main rate of corporation tax from 19% to 25% from 1 April 2023. Deferred tax balances have therefore been remeasured at 25%.

Details of the deferred tax asset/(liability), amounts recognised in profit or loss and amounts recognised in other comprehensive income is as follows:

	Credited/ (charged) to profit and loss	Credited to equity	**Total**
	£000	£000	**£000**
At beginning of period	(173)	5,155	**4,982**
Tax losses	(14)	-	**(14)**
Adjustment in respect of prior year – deferred tax	(59)	1,628	**1,569**
Effect of change in tax rate	(410)	-	**(410)**
Other temporary differences	(1,310)	(2,502)	**(3,812)**
Deferred tax (liability)/asset at 31 December	(1,966)	4,281	**2,315**

Notes to the financial statements *(continued)*

16 Called up share capital

	2021 Number	2021 £000	2020 Number	2020 £000
Authorised				
Ordinary shares of £1 each	**20,004**	**20**	20,004	20

	2021 Number	2021 £000	2020 Number	2020 £000
Issued and fully paid				
Ordinary shares of £1 each	**20,004**	**20**	20,004	20

17 Reserves

The following describes the nature and purpose of each reserve within equity:

Reserve	Description and purpose
Hedging reserve	Gains and losses arising on the effective portion of hedging instruments carried at fair value in a qualifying cash flow hedge.
Retained earnings	All other net gains and losses and transactions with owners not recognised elsewhere.

Analysis of amount recognised in other comprehensive income

Hedging reserve	2021 £000	2020 £000
Interest rate hedges		
Gains/(losses) recognised on derivative financial instruments	**10,554**	(5,008)
Deferred taxation	**(1,011)**	1,394
Other comprehensive income/(expense) for the year	**9,543**	(3,614)

Notes to the financial statements *(continued)*

18 Financial instruments

	2021 £000	2020 £000
Assets measured at amortised cost		
- Finance debtor	263,607	275,794
- Trade and other debtors	3,374	3,419
	266,981	279,213
Assets measured at cost less impairment		
- Cash and cash equivalents	23,895	18,644
Liabilities measured at amortised cost		
- Trade and other payables	3,374	3,419
- Bank loan	195,429	206,178
- Subordinated debt	92,021	84,898
	290,824	294,495
Liabilities measured at fair value through profit and loss		
- Interest rate swaps	16,575	27,129

19 Related party transactions

Trading transactions

During the period the Company entered into the following transactions with related parties:

	Class of transaction	2021 Purchase of goods/ services £000	2021 Amounts owed to/(due from) related parties £000
Albany Ventures Management Services Limited (formerly Amey Ventures Management Services Limited)	Management services	792	-
Amey Ventures Asset Holdings Limited	Directors' fees	42	-
Equitix Concessions 3 Limited	Directors' fees	42	-
PiP Infrastructure Investments (No 5) Limited	Directors' fees	42	-
Thalia AWRP ODC Limited (formerly AmeyCespa (AWRP) ODC Limited)	Services	14,975	379
		15,893	379

Notes to the financial statements *(continued)*

19 Related party transactions *(continued)*

	Class of transaction	2020 Purchase of goods/ services £000	2020 Amounts owed to/(due from) related parties £000
Albany Ventures Management Services Limited (formerly Amey Ventures Management Services Limited)	Management services	770	-
Amey Ventures Asset Holdings Limited	Directors' fees	41	-
Equitix Concessions 3 Limited	Directors' fees	41	-
PiP Infrastructure Investments (No 5) Limited	Directors' fees	41	-
Thalia AWRP ODC Limited (formerly AmeyCespa (AWRP) ODC Limited)	Construction/services	13,080	428
		13,973	428

All balances are unsecured, and no other company acts a guarantor for the amounts outstanding.

During the period under review, no amount has been set aside as a provision for non-payment of any of the amounts outstanding at the year end (2020: £nil). During the year no amounts have been written off as irrecoverable (2020: £nil).

20 Ultimate parent undertaking

AWRP Holding Co Limited has no ultimate parent undertaking or controlling related party by virtue of the Company's joint ownership and control by PiP Infrastructure Investments (No 5) Limited, T Infrastructure Management (2) Limited (formerly Amey Infrastructure Management (2) Limited) and Equitix Concessions 3 Limited.

PiP Infrastructure Investments (No 5) Limited is a wholly owned subsidiary of PiP Infrastructure Managers Limited. The ultimate controlling party is PiP Multi-Strategy Infrastructure PPP LP.

T Infrastructure Management (2) Limited was 50.1% owned by Amey Ventures Asset Holdings Limited, and 49.9% owned by Equitix Fund Holdco 3 Limited, up until 16 December 2022 when the portion owned by Amey Ventures Asset Holdings Limited was transferred to Thalia Waste Management Limited, whose ultimate parent is Ferrovial, S.A., a company incorporated in Spain.

Amey Ventures Asset Holdings Limited is a wholly owned subsidiary undertaking of Amey UK Limited (formerly Amey UK plc) whose ultimate parent was Ferrovial, S.A., a company incorporated in Spain, up until 30 December 2022 when the Amey group was acquired by Project Ardent BidCo Limited, a company controlled by One Equity Partners and Buckthorn Partners.

Equitix Concessions 3 Limited's and Equitix Fund Holdco 3 Limited's ultimate parent undertaking is Equitix Fund III LP, an English Limited Partnership.

Company balance sheet
As at 31 December 2021

	Notes	2021	2020 Restated *
		£000	£000
Non-current assets			
Investment in subsidiary undertaking	26	**20**	20
Loans to subsidiary undertakings	27	**78,329**	70,326
		78,349	70,346
Current assets			
Loans to subsidiary undertakings	27	**13,692**	9,780
Total assets		**92,041**	80,126
Current liabilities			
Amounts due to parent undertakings	28	**(13,692)**	(9,780)
Non-current liabilities			
Amounts due to parent undertakings	28	**(78,329)**	(70,326)
Total liabilities		**(92,021)**	(80,106)
Net assets		**20**	20
Issued capital and reserves attributable to equity shareholders of the Company			
Called-up share capital	29	**20**	20
Retained earnings		**-**	-
Total shareholders' equity		**20**	20

AWRP Holding Co Limited has taken advantage of section 408 (2) and (3) of the Companies Act 2006 and has not included its own statement of comprehensive income in these financial statements. The Company's profit after tax was £nil (2020: £nil).

The financial statements of AWRP Holding Co Limited, registered number 08717836, on pages 39 to 45, were approved and authorised for issue by the Board of Directors on 27 January 2023 and were signed on its behalf by:

P A Skerman
Director

* Comparative information has been restated in respect of the disclosure of loans to subsidiary undertakings and amounts due to parent undertakings. See note 23 for further information.

The notes on pages 41 to 45 form part of these financial statements.

Company statement of changes in equity
For the year ended 31 December 2021

	Share capital £000
Balance at 1 January 2020	20
Result for the period	-
Balance at 31 December 2020	20
Balance at 1 January 2021	**20**
Result for the period	**-**
Balance at 31 December 2021	**20**

The notes on pages 41 to 45 form part of these financial statements.

Notes to the Company's financial statements
(forming part of the financial statements)

21 General information

The principal activity of AWRP Holding Co Limited ("the Company") is the operation and maintenance of residential waste treatment facilities, and it operates wholly within the UK.

The Company is a private company limited by share capital, incorporated and domiciled in the UK and registered in England and Wales under the Companies Act 2006.

The company secretary and address of the registered office is as follows:

P J Hatcher
3rd Floor
3-5 Charlotte Street
Manchester
England
M1 4HB

22 Accounting policies

Basis of preparation

The financial statements of the Company have been prepared in accordance with Financial Reporting Standard 101 *'Reduced Disclosure Framework'* (FRS 101) and the historical cost convention and in accordance with the Companies Act 2006.

The following exemptions from the requirements of International Financial Reporting Standards (IFRS) and International Accounting Standards (IAS) have been applied in the preparation of these financial statements, in accordance with FRS 101:

- IFRS 7, 'Financial instruments: disclosures'
- Paragraphs 91 to 99 of IFRS 13, 'Fair value measurement': disclosure of valuation techniques and inputs used for fair value measurement of assets and liabilities
- Paragraph 38 of IAS 1, 'Presentation of financial statements': comparative information requirements in respect of:
  - paragraph 79(a)(iv) of IAS 1
  - paragraph 73(e) of IAS 16, 'Property, plant and equipment'
  - paragraph 118(e) of IAS 38, 'Intangible assets': reconciliations between the carrying amount at the beginning and end of the period
- The following paragraphs of IAS 1:
  - 10(d): statement of cash flows
  - 10(f): a statement of financial position as at the beginning of the preceding period when an entity applies an accounting policy retrospectively or makes a retrospective restatement of items in its financial statements, or when it reclassifies items in its financial statements
  - 16: statement of compliance with all IFRS
  - 38A: requirement for minimum of two primary statements, including cash flow statements

Notes *(continued)*

22 Accounting policies *(continued)*

Basis of preparation *(continued)*

- IAS 7, 'Statement of cash flows'
- Paragraph 30 and 31 of IAS 8, 'Accounting policies, changes in accounting estimates and errors': requirement for the disclosure of information when an entity has not applied a new IFRS that has been issued but is not yet effective
- Paragraph 17 of IAS 24, 'Related party disclosures': key management compensation
- The requirements of IAS 24: disclosure of related party transactions entered into between two or more members of a group.

Investment in subsidiary undertakings

Investment by the Company in the shares of subsidiary undertakings are stated at cost less any provision where, in the opinion of the Directors, there has been a permanent impairment in the value of any investment.

Deferred tax

Deferred tax is recognised on all timing differences where the transaction or events that give rise to an obligation to pay more tax in the future, or a right to pay less tax in the future, have occurred by the balance sheet date. Deferred tax assets are recognised when it is more likely than not that they will be recovered. Deferred tax is measured using rates of tax that have been enacted or substantively enacted by the balance sheet date.

Called-up share capital

Financial instruments issued by the Company are classified as equity only to the extent that they do not meet the definition of a financial liability or financial asset.

The Company's ordinary shares are classified as equity instruments.

23 Restatement of prior year amounts

Adjustments have been made to the previously reported prior year company balance sheet and associated notes to the financial statements, to treat the gross amounts of previously netted off loans receivable due from subsidiary undertakings (note 27) and corresponding loan amounts payable due to parent undertakings (note 28), in addition to the disclosure of hitherto unreported associated related party transactions (note 30).

The adjustments have been made in line with IAS 32 rules around the offsetting of financial assets and liabilities, in recognition that the Company does not intend to settle the loans receivable and payable on a net basis and; moreover, does not have a legally enforceable right to offset them.

The loans receivable and payable are back-to-back, such that the net impact of the prior year restatement on the presentation of net assets and total shareholders' equity, as disclosed in the company balance sheet, is nil.

24 Company statement of comprehensive income

AWRP Holding Co Limited has taken advantage of Section 408 (2) and (3) of the Companies Act 2006 and has not included its own statement of comprehensive income in these financial statements. The Company's profit after tax was £nil (2020: £nil).

Notes *(continued)*

25 Key management personnel compensation

During the period, no remuneration was paid to the key management personnel of the Company (2020: £nil).

26 Investments in subsidiary undertakings

The Company's investments are as follows:

	2021 **£000**	2020 £000
Investment in subsidiary	**20**	20

The subsidiary of AWRP Holding Co Limited, which has been included in the consolidated financial statements, is:

Name and registered address	**Country of incorporation**	**Proportion of ownership interest at 31 December 2021**
AWRP SPV Limited 3rd Floor, 3-5 Charlotte Street, Manchester, England, M1 4HB	England	100%

27 Loans to subsidiary undertakings

	2021 **£000**	2020 £000
Current	**13,692**	9,780
Non-current	**78,329**	70,326
	92,021	80,106

28 Amounts due to parent undertakings

	2021 **£000**	2020 £000
Current	**13,692**	9,780
Non-current	**78,329**	70,326
	92,021	80,106

29 Called-up share capital

	2021 **Number**	**2021** **£000**	2020 Number	2020 £000
Authorised, issued and fully paid				
Ordinary shares of £1 each	**20,004**	**20**	20,004	20

Notes *(continued)*

30 Related party transactions

During the period the Company entered into the following transactions with related parties:

	Class of transaction	**2021 Interest credit/ (charge) for the year**	**2021 Amounts due from/ (owed to) related parties**
		£000	**£000**
T Infrastructure Management (2) Limited (formerly Amey Infrastructure Management (2) Limited)	Financing	**(2,431)**	**(30,756)**
AWRP SPV Limited (formerly AmeyCespa (AWRP) SPV Limited)	Financing	**7,293**	**92,268**
Equitix Concessions 3 Limited	Financing	**(2,431)**	**(30,756)**
PiP Infrastructure Investments (No 6) Limited	Financing	**(2,431)**	**(30,756)**

	Class of transaction	2020 Interest credit/ (charge) for the year	2020 Amounts due from/ (owed to) related parties
		£000	£000
T Infrastructure Management (2) Limited (formerly Amey Infrastructure Management (2) Limited)	Financing	(2,352)	(28,325)
AWRP SPV Limited (formerly AmeyCespa (AWRP) SPV Limited)	Financing	7,056	84,975
Equitix Concessions 3 Limited	Financing	(2,352)	(28,325)
PiP Infrastructure Investments (No 6) Limited	Financing	(2,352)	(28,325)

31 Ultimate parent undertaking

AWRP Holding Co Limited has no ultimate parent undertaking or controlling related party by virtue of the Company's joint ownership and control by PiP Infrastructure Investments (No 5) Limited, T Infrastructure Management (2) Limited (formerly Amey Infrastructure Management (2) Limited) and Equitix Concessions 3 Limited.

PiP Infrastructure Investments (No 5) Limited is a wholly owned subsidiary of PiP Infrastructure Managers Limited. The ultimate controlling party is PiP Multi-Strategy Infrastructure PPP LP.

T Infrastructure Management (2) Limited was 50.1% owned by Amey Ventures Asset Holdings Limited, and 49.9% owned by Equitix Fund Holdco 3 Limited, up until 16 December 2022 when the portion owned by Amey Ventures Asset Holdings Limited was transferred to Thalia Waste Management Limited, whose ultimate parent is Ferrovial, S.A., a company incorporated in Spain.

Notes *(continued)*

31 Ultimate parent undertaking *(continued)*

Amey Ventures Asset Holdings Limited is a wholly owned subsidiary undertaking of Amey UK Limited (formerly Amey UK plc) whose ultimate parent was Ferrovial, S.A., a company incorporated in Spain, up until 30 December 2022 when the Amey group was acquired by Project Ardent BidCo Limited, a company controlled by One Equity Partners and Buckthorn Partners.

Equitix Concessions 3 Limited's and Equitix Fund Holdco 3 Limited's ultimate parent undertaking is Equitix Fund III LP, an English Limited Partnership.

32 Post balance sheet events

Effective 16 December 2022, Thalia Waste Management Limited replaced Amey Ventures Asset Holdings Limited as the immediate parent undertaking of T Infrastructure Management (2) Limited. The ultimate parent undertaking and controlling party of T Infrastructure Management (2) Limited remained as Ferrovial, S.A., a company incorporated in Spain.

Effective 30 December 2022, the ultimate parent of Amey Ventures Asset Holdings Limited, an indirect shareholder of the Company as at the balance sheet date, ceased to be Ferrovial, S.A., as the Amey group was acquired by Project Ardent BidCo Limited, a company controlled by One Equity Partners and Buckthorn Partners.