

Enfinium Energy Limited

Annual Report and Financial Statements for the year ended 31 December 2022



Company Registration No. SC286672

Enfinium Energy Limited

Contents

Contents	Page
Officers and Professional Advisors	2
Strategic Report	3 – 5
Directors' Report	6 – 7
Statement of Directors' Responsibilities in respect of the financial statements	8
Independent Auditors' Report to the members of Enfinium Energy Limited	9 – 11
Statement of Comprehensive Income	12
Statement of Financial Position	13
Statement of Changes in Equity	14
Notes to the Financial Statements	15 – 22

Enfinium Energy Limited

Officers and Professional Advisors

Directors

M Maudsley
W Robertson
J Harrison
J Atkinson

Registered Office

CMS Edinburgh Saltire Court
20 Castle Terrace
Edinburgh
United Kingdom
EH1 2EN

Independent Auditors

PricewaterhouseCoopers LLP
40 Clarendon Road,
Watford,
Hertfordshire,
WD17 1JJ,
United Kingdom

Registered number

SC286672

Enfinium Energy Limited

Strategic Report

The Directors present the Strategic Report for the year ended 31 December 2022.

This Strategic Report has been prepared in accordance with the requirements of Section 414 of the Companies Act 2006. The purpose of the Strategic Report is to inform shareholders and help them assess how the Directors have performed in their duty to promote the success of the entity.

Principal activities

The principal activity of the Company is to act as the holding company for investments in two subsidiaries, Enfinium Ferrybridge 1 Limited and Enfinium Ferrybridge 2 Limited. The Company also owns the land on which the subsidiaries facilities are built, which is leased to these companies.

Enfinium Ferrybridge 1 Limited and Enfinium Ferrybridge 2 Limited each operate 85-megawatt, modern and efficient energy-from-waste (“EfW”) facilities that transform non-recyclable waste into energy. EfW operations provide the most sustainable solution to managing the non-recyclable residual waste generated by communities and businesses that would otherwise go to landfill or be exported for disposal.

The Company is part of Enfinium Group Limited which operates one of the largest pure-play EfW businesses in the UK, operating facilities with an annual capacity to process non-recyclable waste of 2.3 million tonnes and generating 1.7 million MWh of sustainable baseload power. Enfinium facilities convert residual waste efficiently into partially renewable, low-carbon power for electricity consumers. The Group’s operations play a valuable part in the U.K.’s circular economy and will help the U.K.

Future developments

The Directors aim to maintain the present management policies. The Directors anticipate the Company to continue operating in line with its existing principal activity in the year to 31 December 2023 and beyond.

Business performance

The Statement of Comprehensive Income for the year is set out on page 13. The Company reported a profit for the year of £473,850 (2021:£15,355,388). The prior period’s profit reflects the period from 1 April 2021 to 31 December 2021 and as such, is not directly comparable to the current financial year. Net assets have increased to £7,091,472 from £6,617,622, as a result of increased rentals earned during the year.

Key Performance Indicators

As the Company’s principal activity is that of a holding company, the only key performance indicator (“KPI”) relevant to the business is that of net assets.

Principal risks and uncertainties

The principal risks and uncertainties of the Company are those shared by Enfinium Holdings Limited, which is the smallest group that includes the Company as part of its consolidated financial statements. Further discussions of these risks are included in these group financial statements, which does not form part of this report.

Section 172 (1) Statement

Section 414CZA(1) of the Companies Act 2006 requires the Directors to explain how they considered the matters set out in section 172(1) (a) to (f) of the Companies Act 2006 (‘S172 (1)’) when performing their duty to promote the success of the Company. When making decisions, each Director ensures that they act in the way that would most likely promote the Company’s success for the benefit of its members as a whole, and in doing so have regard (amongst other matters) to the following:

Enfinium Energy Limited

Strategic Report (continued)

Section 172 (1) Statement (continued)

(a) The likely consequences of any decision in the long term

The Directors understand the business and the evolving environment in which the Company operates, including the challenges of operating in a regulated sector. They receive updates on the evolving environment on a regular basis from both management and industry experts.

The strategy set by the Board of Directors is intended to continue running the facilities effectively, to maximise capacity in a safe and environmentally responsible manner and to ensure asset resilience and operational efficiency on a long-term basis.

(b) The interests of the Company's employees

The Directors recognise that the success of the business depends on attracting, retaining, and motivating high quality employees. The Directors consider the implications of decisions which may affect the perception of the Company as a responsible employer, on determining remuneration and benefits, and on providing a healthy and safe workplace environment.

The Directors understand that our people are key to our success and want our employees to be successful both individually and as members of a team. To meet the interests of our employees the Directors actively engage with and listen to their employees by conducting safety walks, employee engagement surveys and roadshows where the Company's objectives and targets are communicated, and employees can provide feedback on what areas of the business can be improved. Monthly Safety Health Environmental and Quality ("SHEQ") site meetings are held with the Representative of Employee Safety and Site Management in attendance and every quarter management celebrate the SHEQ awards by rewarding employees for their positive safety performance or innovative ideas.

The communication activities undertaken by the Directors and executive management respects that our colleagues want to be kept informed of changes to the business and to understand that management are aware and responsive to their concerns.

(c) The need to foster the Company's business relationships with suppliers, customers, and others

The Directors seek to promote strong mutually beneficial relationships with suppliers, customers, and other key stakeholders including regulators, government bodies and local authorities.

Attributes we consider when selecting a supplier include health and safety, sustainability, and innovation. The Board of Directors recognises that our relationships with our suppliers are important to the Company's long-term success. In order to build and maintain strong relationships with our suppliers we follow a prompt payment policy to ensure suppliers are paid efficiently.

Given that significant elements of annual repair and maintenance expenditure is incurred during planned outages, after every outage we hold review meetings to assess the performance of the Company regarding work quality, adhering to site health and safety rules and the quality of the parts supplied.

We aim to build strong lasting relationships with our customers by holding meetings with them to understand their needs and views. Where possible, we are flexible to any fuel supply issues and work with the customer to come to an agreement which satisfies our business requirements as well as the customer's needs.

We engage with the UK government and regulators through a range of industry consultations, forums, meetings, and conferences. We use these platforms to communicate our opinions to the relevant policy makers. Key areas of focus are compliance with laws and regulations (including environmental permits), and health and safety. The Board of Directors is updated on legal and regulatory developments and takes these into account when considering future actions.

Enfinium Energy Limited

Strategic Report (continued)

Section 172 (1) Statement (continued)

(d) The impact of the Company's operations on the community and the environment

The Company is committed to understanding the interests of these stakeholder groups. The Directors receive information on these topics on a periodic basis to provide relevant information for specific Board decisions.

We engage with the communities in which we operate to build trust and to understand the local issues that are important to them. The SHEQ manager attends regular community liaison meetings with residents, police, and local government. Any issues that arise are reported back the executive management team and, as needed to the Board.

Before business decisions are finalised, we consider the environmental impact of those decisions and how that impact can be minimised, for example in relation to the disposal of business waste. For a full discussion of the Company's environmental, social and governance strategy and performance, please see the latest annual ESG report on our website www.enfinium.co.uk/esg/.

We have a charitable donations policy which allows local charities to submit a request for our support or financial assistance in relation to their objectives.

Our communities want our continued support with local issues. Planned outages (typically annual) impact on the local community in that there is an increase in vehicles and staff on site. This can also be beneficial to the local economy in the form of accommodation and subsistence whilst working on the outage.

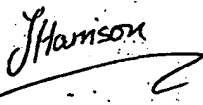
(e) The desirability of the Company maintaining a reputation for high standards of business conduct

The Directors recognise the importance of acting in ways which promote high standards of business conduct. The Board periodically reviews and approves clear operating frameworks, such as the health and safety rules, to ensure that its high standards are maintained both within the businesses and the business relationships the Company has with stakeholders.

(f) The need to act fairly as between members of the Group

The Directors aim to act fairly between the Group's members when delivering the Group's strategy. The Company is owned by a single infrastructure fund so there is little scope for discriminatory treatment.

On behalf of the Board:



J Harrison

Director

16 June 2023

Enfinium Energy Limited

Directors' Report

The Directors present their annual report and audited financial statements for the year ended 31 December 2022. The financial statements are presented in accordance with United Kingdom Generally Accepted Accounting Practice, comprising FRS 101 ('Reduced Disclosure Framework').

Results and dividends

No dividends were paid to the shareholders nor are any recommended for 2022 (2021: £15,000,000).

A review of the progress of the Company's business during the year, likely future developments, key performance indicators and principal business risks are contained in the Strategic Report on page 3.

Directors

The Directors who served during the year and up to the date of signing the financial statements, unless otherwise stated are as follows:

M Maudsley

W Robertson

J Harrison (appointed 13 March 2023)

J Atkinson (appointed 20 January 2023)

W Roberts (resigned 23 January 2023)

M Corben (resigned 31 March 2023)

J Watsford (resigned 31 January 2022)

The Directors are included under the Directors' and Officers' indemnity insurance purchased by Enfinium Group Limited. The insurance policy is a third-party arrangement for the benefit of all Directors in a form which complies with the requirements of the Companies Act 2006 and which was in force throughout the year and remains in force.

Director compensation

No compensation was paid by the Company to Directors for the year ended 31 December 2022. The Directors are employees of related entities and are compensated by those entities.

Going concern

On 4 February 2021, there was a change in the ultimate ownership of the company. The Company is now part of a pure-play EfW business in the UK, operating facilities with an annual capacity to process non-recyclable waste of 2.3 million tonnes. This group was refinanced in 2021, implementing a corporate facility that provides cost efficient capital and ensure group access to liquidity.

There was ongoing conflict in Ukraine for much of 2022 which is having wide ranging consequences on the stability of the region and the world economy. The conflict has fueled global uncertainty and increased energy costs which has led to higher inflation across all economies. Parts and services for the operating businesses are predominantly sourced in the UK, Europe and the US. There are no key supplier exposures beyond those zones. The Group has incurred some input cost inflation particularly for chemical consumables, such as urea and ammonia, that have a high energy content. Some of this cost inflation has been offset through tighter cost management. Management are monitoring the situation, particularly the impact on input prices to the construction projects. Inflation remains higher than historical averages, however the margins are protected as revenues from long-term waste supply agreements are escalated by inflation (usually RPI) and energy prices have also been higher, which results in higher electricity revenue for the Group. There is no indication that the economic effects will present a significant risk to the going concern status of the business.

Enfinium Energy Limited

Directors' Report (continued)

Going concern (continued)

The Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future and therefore continue to prepare the financial statements on a going concern basis. Projected cash flows from operations are sufficient to service debt and provide sufficient liquidity to fund working capital.

Independent auditors

During the year, the Directors appointed PricewaterhouseCoopers LLP as independent auditors of the Company for 2022, in accordance with Section 485 of the Companies Act 2006. During 2023, there will be a Board resolution proposing the re-appointment of PricewaterhouseCoopers LLP as independent auditors of the Company.

Provision of information to the auditors

Directors' confirmations in the case of each director in office at the date the Directors' Report is approved:

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

The confirmation is given and should be interpreted in accordance with the provisions of Section 418 of the Companies Act of 2006.

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



J Harrison

Director

16 June 2023

Enfinium Energy Limited

Statement of directors' responsibilities in respect of the financial statements

The Directors are responsible for preparing the Annual Report and financial statements in accordance with applicable law and regulation.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 'Reduced Disclosure Framework', and applicable law).

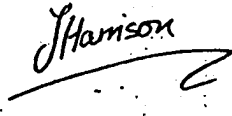
Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these financial statements, the directors are required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

- select suitable accounting policies and then apply them consistently;
- state whether applicable international accounting standards in conformity with the requirements of the Companies Act 2006 have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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

The Directors are also responsible for keeping adequate accounting records that are sufficient to show and explain the 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.

On behalf of the Board:



J Harrison
Director
16 June 2023

Independent auditors' report to the members of Enfinium Energy Limited

Report on the audit of the financial statements

Opinion

In our opinion, Enfinium Energy Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2022 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, including FRS 101 "Reduced Disclosure Framework", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual report and financial statements (the "Annual Report"), which comprise: the Statement of Financial Position as at 31 December 2022; the Statement of Comprehensive Income and the Statement of Changes in Equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

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

Independence

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

Conclusions relating to going concern

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

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

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

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

Reporting on other information

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

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

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

Strategic report and Directors' Report

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

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

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

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

In preparing the financial statements, the directors are responsible for assessing the 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.

Auditors' responsibilities for the audit of the financial statements

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

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

Based on our understanding of the company and industry, we identified that the principal risks of non-compliance with laws and regulations related to the environment, health and safety legislation, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the financial statements such as the Companies Act 2006 and tax legislation. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to inappropriate journal entries to increase revenue and management bias in accounting estimates. Audit procedures performed by the engagement team included:

- Discussions with Management and Directors, including consideration of known or suspected instances of non-compliance with laws and regulations and fraud.
- Evaluation of management's controls designed to prevent and detect irregularities by performing walkthroughs over controls to understand the controls. However, we have not relied on controls as substantive procedures are determined to be more effective for this audit.
- Challenging assumptions and judgements made by Management in their significant accounting estimates.
- Identifying and testing journal entries, in particular any journal entries posted with unusual account combinations.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

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

Use of this report

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

Other required reporting

Companies Act 2006 exception reporting

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

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

We have no exceptions to report arising from this responsibility.



John Dashwood (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Watford
19 June 2023

Enfinium Energy Limited

Statement of Comprehensive Income

for the year ended 31 December 2022

		For the year ended 31 Dec 2022	For the period ended* 31 Dec 2021
	Notes	£	£
Other operating income		585,000	438,750
Operating profit	5	585,000	438,750
Dividend income		—	15,000,000
Profit before tax		585,000	15,438,750
Income tax expense	6	(111,150)	(83,362)
Profit for the financial year/period		<u>473,850</u>	<u>15,355,388</u>

* The comparative period ran from 1 April 2021 to 31 December 2021.

Continuing operations

The activities of the Company relate entirely to continuing operations.

Total other comprehensive income

During 2022 and 2021, the Company had no other comprehensive income or loss.

The accompanying notes on pages 15 to 22 are an integral part of the financial statements.

Enfinium Energy Limited
Statement of Financial Position
As at 31 December 2022

	Notes	2022 £	2021 £
Non-current assets			
Investment in subsidiary undertakings	7	6,262,234	6,262,234
Property, plant and equipment	8	10,308,753	10,308,753
Total non-current assets		<u>16,570,987</u>	<u>16,570,987</u>
Total assets		<u>16,570,987</u>	<u>16,570,987</u>
Non-Current Liabilities			
Trade and other payables	9	9,275,800	9,870,003
Total non-current liabilities		<u>9,275,800</u>	<u>9,870,003</u>
Current Liabilities			
Trade and other payables	9	203,715	83,362
Total current liabilities		<u>203,715</u>	<u>83,362</u>
Total Liabilities		<u>9,479,515</u>	<u>9,953,365</u>
Capital and reserves			
Called up share capital	11	3,604,750	3,604,750
Additional paid-in capital		3,258,320	3,258,320
Retained earnings		<u>228,402</u>	<u>(245,448)</u>
Total equity		<u>7,091,472</u>	<u>6,617,622</u>
Total Liabilities and Equity		<u>16,570,987</u>	<u>16,570,987</u>

The financial statements of Enfinium Energy Limited (registered number SC286672) were approved by the Board of Directors and authorised for issue on 16 June 2023.



J Harrison

Director, signed on behalf of the Board of Directors.

The accompanying notes on pages 15 to 22 are an integral part of the financial statements.

Enfinium Energy Limited
Statement of Changes in Equity
For the year ended 31 December 2022

	Called up share capital	Additional paid in capital	Retained earnings	Total
	£	£	£	£
Balance as at 1 April 2021	3,604,750	3,258,320	(600,836)	6,262,234
Profit for the period	—	—	15,355,388	15,355,388
Dividends	—	—	(15,000,000)	(15,000,000)
At 31 December 2021	3,604,750	3,258,320	(245,448)	6,617,622
Profit for the financial year	—	—	473,850	473,850
At 31 December 2022	3,604,750	3,258,320	228,402	7,091,472

The accompanying notes on pages 15 to 22 are an integral part of the financial statements.

Enfinium Energy Limited

Notes to the Financial Statements

1. General information

The Company is a private limited by shares company incorporated in the United Kingdom owned as a joint venture by Enfinium Holdings Limited and Enfinium Ferrybridge Limited.

At 31 December 2022, the Company was an indirect, wholly owned UK based subsidiary of Enfinium Group Limited, a UK based corporation which was ultimately controlled by Igneo Infrastructure Partners.

The Company is exempt by virtue of Section 400 of the Companies Act 2006 from the requirement to prepare and deliver consolidated financial statements as it is a wholly owned subsidiary of a company established in the U.K. and it is included in the audited financial statements of its UK-established ultimate parent, Enfinium Group Limited. The registered office of Enfinium Group Limited is registered address: 123 Victoria Street, London, England, SW1E 6DE, United Kingdom. These financial statements therefore present information about the Company as an individual entity only and not as a group.

The functional currency of the Company is pound sterling which is the currency of the primary economic environment in which the Company operates.

2. Statement of compliance

The financial statements of Enfinium Energy Limited have been prepared in accordance with Financial Reporting Standard 101, 'Reduced Disclosure Framework' (FRS 101). The financial statements have been prepared under the historical cost convention, as modified by the revaluation of land and buildings and derivative financial assets and financial liabilities measured at fair value through profit or loss, and in accordance with the Companies Act 2006.

3. Significant accounting policies

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements.

(a) Basis of preparation

The preparation of financial statements in conformity with FRS 101 requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 4.

The Company has taken advantage of the following disclosure exemptions under FRS 101:

- The requirements of IAS 7, 'Statement of cash flows'
- New IFRSs that have been issued but are not yet effective and which have not been applied by the Company
- Paragraph 38 of IAS 1 "Presentation of Financial Statements" to present comparative information in respect of: paragraph 79 (a) (iv) of IAS 1 and paragraph 73 (e) of IAS 16 "Property, Plant and Equipment"
- Financial instrument disclosures required by IFRS 7 "Financial Instrument Disclosures";
- The requirements of paragraph 17 and 18A of IAS 24 "Related Party Disclosures" and the requirements in IAS 24 "Related Party Disclosures" to disclose related party transactions entered into between two or more wholly-owned members of a Group;
- Capital management disclosures required by paragraphs 134 of 136 of IAS 1 "Presentation of Financial Statements"
- 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')

Enfinium Energy Limited

Notes to the Financial Statements (continued)

3. Significant accounting policies (continued)

(b) Going concern

On 4 February 2021, there was a change in the ultimate ownership of the company. The Company is now part of a pure-play EfW business in the UK, operating facilities with an annual capacity to process non-recyclable waste of 2.3 million tonnes. This group was refinanced in 2021, implementing a corporate facility that provides cost efficient capital and ensure group access to liquidity.

The Directors have, at the time of approving the financial statements, a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Thus, they continue to adopt the going concern basis of accounting in preparing the financial statements.

(c) Foreign currencies

Transactions in currencies other than the entity's functional currency are recognised at the rate of exchange prevailing at the date of the transaction. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rate prevailing at that date. Exchange differences in monetary items are recognised in the statement of comprehensive income in the period in which they arise.

Transactions in foreign currencies are recorded at the rate of exchange at the date of the transaction. Foreign exchange differences are taken to the statement of comprehensive income in the period in which they arise.

(d) Impairment of non-financial assets

The carrying value of the Company's assets, with the exception of financial receivables and deferred tax assets are reviewed on an ongoing basis for any indication of impairment and, if any such indication exists, the assets recoverable amount is estimated. An impairment loss is recognized in the income statement whenever the carrying value of an asset or its cash generating unit exceeds its recoverable amount.

(e) Property, plant and equipment

Property, plant and equipment is stated at cost, net of accumulated depreciation and any provision for impairment.

Depreciation on other assets is calculated using the straight-line method to allocate their cost or revalued amounts to their residual values over their estimated useful lives, as follows:

Asset class	Depreciation rate
Land	no depreciation

(f) Financial instruments

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

The Company classifies its financial assets and financial liabilities in the following measurement categories:

- a. Amortised cost;
- b. Fair value through profit or loss; or
- c. Fair value through other comprehensive income.

Fair values are classified by reference to the inputs to the valuation technique used to derive them, using the following hierarchy:

Level 1 – inputs are unadjusted quoted prices in active markets for identical assets or liabilities;

Level 2 – inputs are observable for the asset or liability either directly or indirectly but are not quoted prices included in Level 1;

Level 3 – inputs are unobservable for the asset or liability.

Enfinium Energy Limited

Notes to the Financial Statements (continued)

3. Significant accounting policies (continued)

(f) Financial instruments (continued)

The Company's financial instruments carried at fair value at 31 December 2022 have been valued with reference to level 2 fair value measurements.

Financial assets

Financial assets are initially measured at transaction price plus costs, other than those classified at fair value, which are measured at fair value.

All financial assets are recognised and derecognised on a trade date where the purchase or sale of a financial asset is under a contract whose terms require delivery of the financial asset within the timeframe established by the market concerned.

Financial assets at amortised cost

Financial assets at amortised cost include trade receivables and other loans and receivables. Financial assets that are debt instruments are measured at amortised cost only if both of the following conditions are satisfied:

- a. Business model: the objective of the business model is to hold the financial asset for the collection of the contractual cash flows; and
- b. Contractual cash flows: the contractual cash flows under the instrument relate solely to payments of principal and interest.

Financial assets at amortised cost are subsequently measured at amortised cost using the effective interest method, less any impairment.

Interest income is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial. The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating the interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the debt instrument to the net carrying amount at initial recognition.

Impairment of financial assets at amortised cost

The expected credit loss model has not been applied to the Company's financial assets held at amortised cost as the Directors have no expectation of impairment. No impairment losses have been recognised during the period.

Financial liabilities and equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangement.

Financial liabilities

The Company's financial liabilities comprise derivative financial instruments used for hedging, trade and other payables, obligations under leases and loans and borrowings at amortised cost.

Financial liabilities are derecognised when, and only when, the Company's obligations are discharged, cancelled, or they expire.

Financial liabilities at amortised cost

Financial liabilities at amortised cost are initially measured at fair value, net of transaction costs. They are subsequently measured at amortised cost using the effective interest method, with the interest expense recognised on an effective yield basis and included within finance costs in the income statement.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant year. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Enfinium Energy Limited

Notes to the Financial Statements (continued)

3. Significant accounting policies (continued)

(f) Financial instruments (continued)

Equity instruments

Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the Company. Incremental costs directly attributable to the issue of equity instruments are deducted, net of tax, from the proceeds.

(g) Leases

The Company assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

The Company applied the exemptions of paragraph 22-49 of IFRS 16 “Leases” in respect of short-term leases and leases for which the underlying asset is of low value as permitted by paragraph 5 of IFRS 16. Low value leases have been defined by the Company as leases for which the present value of future lease payments is less than £10,000. Short term leases have been defined as leases with a term of less than 1 year.

The Company recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the lease term.

At the commencement date of the lease, the Company recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Company and payments of penalties for terminating the lease, if the lease term reflects the Company exercising the option to terminate.

In calculating the present value of lease payments, the Company uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

(h) Taxation

Current and deferred taxes are recognised in the statement of comprehensive income.

UK corporation tax is provided at amounts expected to be paid using the tax rates and laws that have been enacted or substantially enacted by the statement of financial position date. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Enfinium Energy Limited

Notes to the Financial Statements (continued)

4. Critical accounting judgements and key sources of estimation uncertainty

The Company's principal accounting policies are set out in Note 3. Management is required to exercise significant judgement and make use of estimates and assumptions in the application of these policies. Estimates are based on factors including historical experience and expectations of future events that management believe to be reasonable. However, given the judgmental nature of such estimates, actual result could be different from the assumptions used.

(a) Estimates

Significant estimates and associated assumptions are those that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next financial year. Significant estimates are made taking into account historical experience and various other factors that are believed to be reasonable under the circumstances, including current and expected economic conditions, and, in some cases, actuarial techniques. Estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

No significant estimates, assumptions and sources of uncertainty were noted in preparing the Company's 2022 financial statements.

(b) Judgements

Significant judgments are those made by management when applying its accounting policies that are considered to have the most significant impact on amounts recognised in the consolidated financial statements.

Those judgments that are considered to have the most significant impact on amounts recognised in the consolidated financial statements, apart from those involving estimations (which are disclosed separately below), is the following:

Impairment of investments

Investments are tested for impairment where there are financial or non-financial indicators that the carrying value of investments may be greater than the expected present value of future cash flows. Judgement is required to determine whether such indicators exist. Where it is determined that a test for impairment is required, the inputs into the impairment model such as growth, future cash flows and discount rates are estimated. These estimates and assumptions can have a significant impact on the result of the calculation and determine whether impairment is recognised.

5. Operating profit

Operating profit is stated after crediting:

	For the year ended 31 Dec 2022	For the period ended 31 Dec 2021
	£	£
Other income		
Rental income	585,000	438,750

Enfinium Energy Limited

Notes to the Financial Statements (continued)

6. Income tax expense

Tax expensed in the statement of comprehensive income is as follows:

	For the year ended 31 Dec 2022	For the period ended 31 Dec 2021
	£	£
<i>Current tax</i>		
UK corporation tax on profits for the year	(111,150)	(83,362)
Income tax expense	(111,150)	(83,362)

UK corporation tax is calculated at 19% (2021: 19%) of the estimated assessable profits for the year.

The tax charge for the year can be reconciled to the profit per the statement of comprehensive income as follows:

	For the year ended 31 Dec 2022	For the period ended 31 Dec 2021
	£	£
Profit before tax	585,000	15,438,750
Tax on profit on at standard UK corporation tax rate	(111,150)	(2,933,363)
Non-deductible expense	—	2,850,000
Total tax expense	(111,150)	(83,363)

In the Spring Budget 2021, the UK Government announced that from 1 April 2023 the corporation tax rate would increase to 25% (rather than remaining at 19%, as previously enacted). This new law was substantively enacted on 24 May 2021. In the Autumn Statement in November 2022, the Government confirmed the increase in corporation tax rate to 25% from April 2023.

7. Investment in subsidiary undertakings

	2022	2021
	£	£
Investment in subsidiary undertaking	6,262,234	6,262,234

Subsidiaries

Subsidiary undertaking	Class of holdings	Ownership
123 Victoria Street, London, United Kingdom, SW1E 6DE		
Enfinium Ferrybridge 1 Limited	Facility operation	100%
Enfinium Ferrybridge 2 Limited	Facility operation	100%

Enfinium Energy Limited

Notes to the Financial Statements (continued)

8. Property, plant and equipment

Cost and carrying value of property, plant and equipment:

	2022	2021
	£	£
Land		
At 1 January and 31 December	10,308,753	10,308,753

9. Trade and other payables

	2022	2021
	£	£
Within non-current liabilities		
Loans and payables - related parties	9,275,800	9,870,003
Within current liabilities		
Loans and payables - related parties	203,715	83,362

The Company acquired the land on which the facilities of its subsidiaries, Enfinium Ferrybridge 1 Limited and Enfinium Ferrybridge 2 Limited operate on. The subsidiaries funded the acquisition, which is reflected in the amounts owed to related parties. The land, now owned was leased to the subsidiaries and classified as an operating lease from a lessor perspective.

10. Financial instruments

At period end the company has no financial assets or liabilities measured at fair value through comprehensive income (FVOCI) or those measured at fair value through profit or loss.

11. Called up share capital

	2022	2021
	£	£
Called up share capital (3,604,750 ordinary shares of £1 each)	3,604,750	3,604,750

12. Capital commitments

At 31 December 2022, the Company has no outstanding capital commitments (2021: £nil).

13. Ultimate controlling party

The share capital is jointly held by Enfinium Holdings Limited and Enfinium Ferrybridge Limited, both companies registered at C/O Enfinium, 123 Victoria Street, London, United Kingdom, SW1E 6DE.

The ultimate UK parent of Enfinium Energy Limited is Enfinium Group Limited a company registered at 123 Victoria Street, London, England, SW1E 6DE. The ultimate controlling party of Enfinium Group Limited is European Diversified Fund III SCSp (a private equity fund based in Luxembourg) managed by Igneo Infrastructure Partners (a private equity fund manager in Australia).

The smallest Group which includes the Company as part of its consolidated financial statements is Enfinium Holdings Limited. Copies of the consolidated financial statements are available upon request from the Company Secretary, at 123 Victoria Street, London, England, SW1E 6DE.

Enfinium Energy Limited

Notes to the Financial Statements (continued)

14. Statutory and other information

None of the Directors received any compensation in respect of fees or services to the Company during the year. The Directors are employees of related parties and are compensated by those entities.

During the year, the Company had no employees other than directors (2021: nil)

Dividends of £15,000,000 were received from Enfinium Ferrybridge 1 Limited during the period ended 31 December 2021. No dividends were received during 2022.

For the year ended 31 December 2021, fees payable to the Company's auditors for the audit of the financial statements were £16,500 (2021: £15,000) which were paid on the Company's behalf by Enfinium Limited.

15. Subsequent events

We evaluated subsequent events for potential recognition and disclosure, with no events identified that would require adjustments or disclosure in our financial statements.