

COMPANY REGISTRATION NUMBER 03873993 (ENGLAND AND WALES)

**TRADEBE ENVIRONMENTAL SERVICES LIMITED**  
**CONSOLIDATED FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED**  
**31 DECEMBER 2021**

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**TRADEBE ENVIRONMENTAL SERVICES LIMITED**  
**FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2021**

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**TRADEBE ENVIRONMENTAL SERVICES LIMITED**

**OFFICERS AND PROFESSIONAL ADVISERS**

**FOR THE YEAR ENDED 31 DECEMBER 2021**

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**THE BOARD OF DIRECTORS**

Mr Victor Creixell De Villalonga  
Mr Kristian Dales  
Grupo Tradebe Medio Ambiente, S.L.

**COMPANY SECRETARY**

Mr Jordi Creixell Sureda

**REGISTERED OFFICE**

Atlas House  
Third Avenue  
Globe Park  
Marlow  
Buckinghamshire  
SL7 1EY

**REGISTERED NUMBER**

03873993

**AUDITOR**

RSM UK Audit LLP  
Davidson House  
Forbury Square  
Reading  
Berkshire  
RG1 3EU

# TRADEBE ENVIRONMENTAL SERVICES LIMITED

## STRATEGIC REPORT

### FOR THE YEAR ENDED 31 DECEMBER 2021

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The directors present their report and the consolidated financial statements of Tradebe Environmental Services Limited ("the company" or "TESL") for the year ended 31 December 2021.

#### BUSINESS REVIEW

The Company operates as the UK parent undertaking for the Tradebe Group of companies. The Tradebe Group operates as one of the United Kingdom's leading hazardous waste management specialists.

The directors consider earnings before interest, taxes, depreciation and amortisation ("EBITDA") from continuing operations to be the key financial performance indicator. EBITDA for the year increased to £17.9 million (2020: £16.6 million).

On March 11, 2020 the World Health Organization declared the public health emergency situation caused by the coronavirus (COVID-19) outbreak a global pandemic. The escalation of events, in both the United Kingdom and worldwide, has resulted in an unprecedented health, social and economic crisis.

During the financial year under review and up to the date these financial statements are signed there have been no significant effects on the Group's revenue generating activity, and in accordance with current estimates made by the Directors, no relevant effects are expected in 2022 either.

In fact, the Group has increased its revenues to £132.5 million (2020: £116.3 million) due to a significant upturn in the Group's activities across the Healthcare, Radioactives, Transfer Station, Chemicals and NORM (naturally occurring radioactive material) waste sectors.

The Group continued efforts in cash collection resulted in decrease of £2.5 million in trade and other receivables balances to £35.0 million (2020: £37.5 million) whilst we saw a decrease in trade and other payables of £3.6 million to £35.2 million (2020: £38.8 million).

Within this context, two years into the COVID-19 pandemic and an unprecedented health, social and economic crisis, in 2021 and 2020 consolidated operating profit amounted to £7.9 million and £3.7 million respectively.

Operationally there was a significant event in July 2021 where the Healthcare site located at Bellshill in Scotland for Tradebe Healthcare National Limited, an indirectly owned subsidiary, suffered a fire. Whilst there was limited impact on our customer base as contingency plans were put in place immediately the operational site itself was destroyed by the fire. The contingency arrangements remain in place whilst the business rebuilds an operational site in Scotland. See note 12 for details of property, plant and equipment disposals as a result of the fire, and notes 3 and 15 for anticipated amounts receivable in relation to the property damage and business interruption claims.

#### Bank facility

The Group has (together with certain other companies owned by Grupo Tradebe Medio Ambiente, S.L. or its associated companies) entered into a composite guarantee in favour of Banco Bilbao Vizcaya Argentaria SA (as security agent for itself and a syndicate of Spanish and International banks) as security for the current and future bank borrowings of Tradebe Management Limited, a subsidiary undertaking, to Banco Bilbao Vizcaya Argentaria SA and a syndicate of banks.

On December 13, 2018 the company GTMA and its main group companies, through the company Tradebe Management Limited, signed an amendment and extension of its syndicated bank debt facility (A&E2018). Said A&E2018 increases gross debt with the inclusion of a new Tranche C for CAPEX and acquisition (c. 100 million euros), improving financial covenants and extending the current amortization schedule.

## **TRADEBE ENVIRONMENTAL SERVICES LIMITED**

### **STRATEGIC REPORT (CONTINUED)**

**FOR THE YEAR ENDED 31 DECEMBER 2021**

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#### **BUSINESS REVIEW (CONTINUED)**

The new financing facility maintains Tranche A1 amounting to 95 million euros and Tranche A2 amounting to 107.37 million US dollars with increasing amortization and maturity in 2024, as well as the multi-currency Tranche Revolving Credit Facility ("RCF") (EUR/GBP/USD) amounting to up to 65 million euros maturing in 2024, and adds Tranche C1 amounting to 50 million euros and Tranche C2 amounting to 57.5 million US dollars for investments in CAPEX and acquisitions, amortizable and maturing in 2024.

During 2021, there has not been any amendments to the syndicated bank debt facility or to the associated interest hedge swaps.

The terms and conditions of the funding are those common from such a corporate funding. Interest is charged subject to a margin ratchet depending on the leverage ratio. As of 31 December 2021, the interest was 1.50% above EURIBOR and 1.75% above USD LIBOR and GBP LIBOR.

The associated costs of raising debt are being amortised over the term of the loan. The outstanding amount of the deferred interests as of 31 December 2021 was £1,719,000 (2020: £2,301,000).

The Group amended the previous interest hedging contract in 2018 to an interest hedge swap for 60% of tranche A1 and 50% of tranche A2 to manage interest rate risk on firm future commitments. The fair values of the derivatives held at the balance sheet date, determined by reference to their market values, were a liability of £1,922,000 (2020: £4,036,000).

Finance costs are borne by Tradebe Management Limited ("TML") and recharged to the other group companies.

#### **RESULTS AND DIVIDENDS**

The profit for the year after taxation amounted to £8,165,000 (2020: loss of £587,000). No dividends were paid by the Company during the year (2020: £nil). The directors are precluded from paying a dividend as there are insufficient reserves.

#### **PRINCIPAL RISKS AND UNCERTAINTIES**

##### *Plant availability*

Sales for the key operating companies within the Group are a direct result of plant availabilities and the Directors remain focussed on a programme of continuing capital replacement to ensure, wherever possible, availability levels are maintained.

##### *Market risk demand*

The demand for the Group's services is closely linked with economic conditions. As a result, depressed economic conditions in the United Kingdom could have an adverse effect on demand for and pricing of the Group's services which could result in reduced sales and profits. Most of the markets in which the Group operates are extremely competitive. Factors such as the number of competitors, utilisation of capacity, economic conditions and demand for services exert further competitive pressure meaning the Group's profitability may be affected.

##### *Regulatory risk*

Changes in government policy or legislation relating to the environment and health and safety could significantly affect the Group's regulatory compliance and other operating costs. The Group may be required to make significant capital expenditure in the future to ensure compliance with these regulations and ensure business continuity.

## TRADEBE ENVIRONMENTAL SERVICES LIMITED

### STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

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#### PRINCIPAL RISKS AND UNCERTAINTIES (CONTINUED)

##### *Logistical risk*

Transport logistics play an important part in the Group's supply chain. Any material disruption to, or lack of availability of, such transport support could significantly impact operating costs and reduce profitability.

##### *Credit risk*

Credit risk is the risk of the Group suffering from the failure of a counter party to settle a debt to the Group. The Group limits financial credit risk by ensuring appropriate credit checks are carried out on new customers and by taking out credit insurance where directors consider it appropriate.

##### *COVID-19*

The outbreak of COVID-19 has had certain impact on the activities of the UK group over the last two years. However, due to the nature of the Group's main activities, the fact that the waste management and processing are designated as essential service, and based on the management's current assessment of risks, no material impacts have been identified that require disclosure in the financial statements. Despite the pandemic background, the Group has continued with its normal business activities and showed strong adaptability and resilience as the financial results for the year demonstrate. The COVID-19 pandemic at this stage is not expected to have a material impact on the Group's ongoing business.

#### KEY PERFORMANCE INDICATORS (KPIs)

The directors consider EBITDA and revenue from continuing operations to be the key financial performance indicators.

	2021 £000's	2020 £000's	Change %
Revenue	132,468	116,289	14
EBITDA	17,904	16,615	8

#### DIRECTORS' DUTIES

The directors of the Group have to act in accordance with a set of general duties, which are detailed in section 172 of the UK Companies Act 2006.

The following paragraphs summarise how the directors fulfil their duties in accordance with the mentioned framework:

##### *Risk management*

The Group provides business critical services to its customers, quite often in highly regulated environments. As the Group is growing, its business and risk environment also becomes more complex. Therefore, it is key that the Group effectively identifies, evaluates, manages and mitigates all the potential risks. A list of main risks identified by the Group can be found in the section above "Principal Risks and uncertainties".

##### *Safety, health, environment and quality*

The overriding priority for the Group has been, and continues to be achieving and maintaining zero injuries and fatalities in the workplace. The Group is undertaking measures to improve its safety culture, beginning with improved employee engagement in identifying and mitigating risks.

## **TRADEBE ENVIRONMENTAL SERVICES LIMITED**

### **STRATEGIC REPORT (CONTINUED)**

**FOR THE YEAR ENDED 31 DECEMBER 2021**

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#### **DIRECTORS' DUTIES (CONTINUED)**

##### *Our people*

The Group is committed to being a responsible business. In this regard, the Group's behaviour is aligned with the expectations of its people, clients, communities and society as a whole. People play a key role in the Group's success. Therefore, the Group ensures that employee's performance and development are correctly managed, and talent development and retention is a strong focus. Tradebe Environmental Services understands the importance of regular employee engagement, which allows the Group to hear and incorporate employee opinions throughout the organisation. Lastly, the Group shares common values that inform and guide the expected behaviour so it can achieve its goals in the right way.

##### *Business relationships*

Fostering business relationships with customers and suppliers is very important to the success of a company. The board of directors have visibility of these relationships so that it is able to take stakeholder considerations into account when making decisions. Also, in their decision-making, directors always take into consideration the impact of the Group's operations on the community and environment.

##### *Decision making*

Each year, the Board of Directors undertakes a full review of the Group's strategy, including the business plan for the following year. Once approved, the plan and strategy form the basis for financial budgets, resource plans and investment decisions. In making decisions concerning the business plan and future strategy, the Board considers to a variety of matters including the interest of all stakeholders, the consequences of its decisions in the long term and its long-term reputation.

These actions assist the directors in performing their duties under S172 of the Companies House Act 2006.

#### **FUTURE DEVELOPMENTS**

Tradebe continues to take full advantage of the opportunity to leverage the synergies between its group companies and will continue to invest in its activities in the UK and expects all UK sites to be trading profitably during 2022.

The directors have considered the impact of the outbreak of COVID-19, BREXIT and the higher inflationary impacts being seen in 2022 and remain confident of the ability of the Group to continue to meet its customers' needs. Competition in this sector is expected to remain strong and the policy of effective cost controls is expected to continue into the future. The directors consider the Company and Group to be well placed in all parts of the waste management industry.

The Directors are committed to the growth of the Group and see opportunities within the UK market for the Group to develop its processes to treat a wider range of waste streams thus better serve its customers. Following the fire at the site in Scotland, the contingency arrangements will remain in place whilst the business continues to rebuild an operational site and finalise the insurance claims relating to the incident.

**TRADEBE ENVIRONMENTAL SERVICES LIMITED****STRATEGIC REPORT (CONTINUED)****FOR THE YEAR ENDED 31 DECEMBER 2021****ENERGY CONSUMPTION AND GREENHOUSE GAS EMISSIONS***Energy consumption*

The Group used 120,969,969 kWh (2020: 131,621,969 kWh) at the Group sites during this period. This is broken down by fuel type in Table 1. Furthermore, 24,753,224 kWh (2020: 20,248,180 kWh) of energy is consumed by transport within the business. This is shown in Table 2.

Table 1 shows the energy consumed at Tradebe sites, by each type of fuel. The business uses a mix of gas, gas oil and PGD (product grade distillate, a recovered boiler fuel), alongside electricity, which is purchased from the national grid. LPG consumption became negligible across the business in 2021.

**Table 1 – Consumption per energy type**

<b>Energy type - consumption</b>	<b>2021 (kWh)</b>	<b>2020 (kWh)</b>
Gas	5,285,988	11,418,940
Gas oil	9,079,154	7,212,430
LPG	-	12,746,499
PGD	83,263,837	74,164,160
Electricity	23,340,990	26,079,940
	<b>120,969,969</b>	<b>131,621,969</b>

Table 2 shows energy consumed for transport purposes, separated by company cars/fleet vehicles and personal/hire cars.

**Table 2 – Consumption per transport type**

<b>Transport type - consumption</b>	<b>2021 (kWh)</b>	<b>2020 (kWh)</b>
Company cars and fleet vehicles	24,143,403	19,477,556
Personal / hire cars (expense claimed)	609,821	770,624
	<b>24,753,224</b>	<b>20,248,180</b>

Combined, total energy consumption across the business equals 145,723,193 kWh (2020: 151,870,149 kWh). This results in a calculated energy intensity ratio of 262 kWh/tonne of waste received (2020: 437.96 kWh/tonne).

*Emissions*

The emissions from energy usage at site and in transport are calculated using the UK Government GHG Conversion Factors for Company Reporting (2020) and displayed in Table 3. Overall, the Group is responsible for 43,016,384 kg CO<sub>2</sub> eq (2020: 38,738,826 kg CO<sub>2</sub> eq) over the period. Therefore, the emission intensity is 77 kg CO<sub>2</sub> eq/tonne of waste received (2020: 111.71 kg CO<sub>2</sub> eq/tonne).

**TRADEBE ENVIRONMENTAL SERVICES LIMITED**

**STRATEGIC REPORT (CONTINUED)**

**FOR THE YEAR ENDED 31 DECEMBER 2021**

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**ENERGY CONSUMPTION AND GREENHOUSE GAS EMISSIONS (CONTINUED)**

Table 3 shows the total kg CO<sub>2</sub> eq emissions calculated from the energy usage at site and in transport.

**Table 3 – kg CO<sub>2</sub> eq per emission source**

<b>Emissions source</b>	<b>2021</b>	<b>2020</b>
	<b>(kg CO<sub>2</sub> eq)</b>	<b>(kg CO<sub>2</sub> eq)</b>
Energy usage at site	37,149,831	33,566,238
Energy usage from transport	5,866,553	5,172,588
	<b>43,016,834</b>	<b>38,738,826</b>

*Energy efficiency measures*

In 2021, Tradebe invested in plant improvements to increase plant reliability, safety and environmental compliance across its UK assets. An example is the Motor Control Centre (MCC) at our Fawley Site, increasing plant reliability, emissions reduction and plant efficiency.

The business continued laying foundations for plant wide automation, data acquisition and leveraging automation capabilities to help meet our sustainability goals, demonstrating our commitment to conform with the highest standards of safety and environmental sustainability.

On behalf of the Board



**Mr Kristian Dales**

Director

8th December..... 2022

## **TRADEBE ENVIRONMENTAL SERVICES LIMITED**

### **DIRECTORS' REPORT**

#### **FOR THE YEAR ENDED 31 DECEMBER 2021**

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The directors have pleasure in presenting their report and the consolidated financial statements of the Group for the year ended 31 December 2021.

#### **RESULTS AND DIVIDENDS**

The profit for the year after taxation amounted to £8,165,000 (2020: loss of £587,000). No dividends were paid by the Company during the year (2020: £nil). The directors are precluded from paying a dividend as there are insufficient reserves.

#### **DIRECTORS**

The directors who served the Group during the year and up to the date of signature of these accounts were as follows:

Mr Victor Creixell De Villalonga

Mr Kristian Dales

(appointed 31 March 2021)

Mr Robin Randall

(resigned 31 March 2021)

Grupo Tradebe Medio Ambiente, S.L.

#### **QUALIFYING THIRD PARTY INDEMNITY PROVISIONS**

The Company has made qualifying third-party indemnity provisions for the benefit of its directors during the year. These provisions remain in force at the reporting date.

#### **FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES**

- The Group operates a centralised treasury function responsible for managing group funding and financial risk. The objectives of the treasury function are to mitigate and manage credit, liquidity and interest rate risks.
- Credit risk exists when a potential loss may arise from the Group's counterparty not meeting its contractual obligations, i.e. the possibility that financial assets will not be recovered at their carrying value within the established timeframe. The finance department review credit worthiness for new customers and set credit limits accordingly. Aged debt reviews are completed on a regular basis to identify and manage specific risk. Credit risk is mainly attributable to trade receivables. The Group does not have a significant concentration of credit risk, since exposure is apportioned among many counterparties and customers.
- Liquidity risk arises if the Group does not have sufficient funds to meet payment obligations at all times. The company manages this through regular cash flow forecasting to anticipate needs in advance.
- Interest rate risk results from changes in interest rates resulting in changes to cash flows of floating interest rate linked assets and liabilities. The objective is to balance debt structure to allow the minimisation of debt cost whilst reducing volatility in interest cashflows. This is managed through the use of interest rate swaps. The Group's debt is mainly linked to EURIBOR.
- During the COVID-19 health crisis, liquidity restrictions and risk of default on financing contracts are a possibility. The Group is part of a wider group and has long-term committed lines of financing that are only partially used and there with surplus capacity to meet the needs of the business. Throughout this period, the Group continued with its principal activity and fulfilled its contractual obligations.

#### **DISABLED EMPLOYEES**

The Group gives every consideration to applications for employment from disabled persons where the requirements of the job may be adequately fulfilled by a disabled person. Where existing employees become disabled, it is the Group's policy, wherever practicable, to provide continuing employment under normal terms and conditions and to provide training and career development and promotion wherever appropriate.

## **TRADEBE ENVIRONMENTAL SERVICES LIMITED**

### **DIRECTORS' REPORT (CONTINUED)**

**FOR THE YEAR ENDED 31 DECEMBER 2021**

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#### **EMPLOYEE INVOLVEMENT**

The Group operates a framework for employee information and consultation which complies with the requirements of the Information and Consultation of Employees Regulations 2004. During the year, the policy of providing employees with information about the Group was continued through communications by its supervisors, the use of Group notice boards, briefing documents, intranet and by regular consultations with representatives on Works' Committees and Health and Safety Committees. The Group also publishes a regular news bulletin to all employees.

#### **GOING CONCERN**

The Group's business activities, together with the factors likely to affect its future development and position, are set out in the Strategic Report.

The Group is expected to generate positive cash flows for the foreseeable future. The Group operates a centralised treasury arrangement and so shares banking arrangements with its subsidiaries. The Directors have received a letter of support from the ultimate parent Grupo Tradebe Medio Ambiente, S.L. and have assessed the ability of Grupo Tradebe Medio Ambiente, S.L. to provide that support, if required. Therefore, the Directors have no reason to believe that a material uncertainty exists that may cast significant doubt about the ability of the Group to continue as a going concern or its ability to continue with the current banking arrangements.

On this basis the Directors have a reasonable expectation that the Group will be able to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

#### **AUDITOR**

The auditor, RSM UK Audit LLP, is deemed to be reappointed under section 487(2) of the Companies Act 2006.

#### **STATEMENT OF DISCLOSURE TO AUDITOR**

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the Company's auditor is unaware. Additionally, each director has taken all the necessary steps that they ought to have taken as a director in order to make themselves aware of all relevant audit information and to establish that the Company's auditor is aware of that information.

#### **STRATEGIC REPORT**

The Group has chosen in accordance with Companies Act 2006, s. 414C(11) to set out in the Group's strategic report information required by Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008, Sch. 7 to be contained in the directors' report. It has done so in respect of future developments, business relationships and energy consumption and greenhouse gas emissions.

This report was approved by the Board and signed on its behalf.



Mr Kristian Dales

8th December .... 2022

Director

## **TRADEBE ENVIRONMENTAL SERVICES LIMITED**

### **DIRECTORS' RESPONSIBILITIES IN THE PREPARATION OF THE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 DECEMBER 2021**

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#### **STATEMENT OF DIRECTORS' RESPONSIBILITIES**

The directors are responsible for preparing the Strategic Report, the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare Group and Company financial statements for each financial year. The directors have elected under Company law to prepare the Group financial statements in accordance with UK-adopted International Accounting Standards and have elected under Company law to prepare the Company financial statements in accordance with UK-adopted International Accounting Standards and applicable law.

The Group and Company financial statements are required by law and UK-adopted International Accounting to present fairly the financial position of the Group and the Company and the financial performance. The Companies Act 2006 provides in relation to such financial statements that references in the relevant part of that Act to financial statements giving a true and fair view are references to their achieving a fair presentation.

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 Group and the Company and of the profit or loss of the Group for that period.

In preparing each of the Group and 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;
- for the Group financial statements, state whether they have been prepared in accordance with UK-adopted International Accounting Standards;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group and the Company will continue in business.

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

## **TRADEBE ENVIRONMENTAL SERVICES LIMITED**

### **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF TRADEBE ENVIRONMENTAL SERVICES LIMITED**

**FOR THE YEAR ENDED 31 DECEMBER 2021**

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#### **Opinion**

We have audited the financial statements of Tradebe Environmental Services Limited (the 'parent Company') and its subsidiaries (the 'Group') for the year ended 31 December 2021 which comprise the consolidated statement of comprehensive income, consolidated statement of financial position, company statement of financial position, consolidated and company statement of cash flows, consolidated statement of changes in equity, company statement of changes in equity and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and UK-adopted International Accounting Standards and, as regards the parent Company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

In our opinion:

- the financial statements 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 International Accounting Standards in conformity with the requirements of the Companies Act 2006;
- the parent Company financial statements have been properly prepared in accordance with International Accounting Standards in conformity with the requirements of the Companies Act 2006 and as applied in accordance with the provisions of the Companies Act 2006; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

#### **Basis for opinion**

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

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

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

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Group's or the 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.

## **TRADEBE ENVIRONMENTAL SERVICES LIMITED**

### **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF TRADEBE ENVIRONMENTAL SERVICES LIMITED (CONTINUED)**

**FOR THE YEAR ENDED 31 DECEMBER 2021**

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#### **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.

#### **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.

#### **Matters on which we are required to report by exception**

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

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

- adequate accounting records have not been kept 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; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

#### **Responsibilities of directors**

As explained more fully in the directors' responsibilities statement set out on page 10, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

## **TRADEBE ENVIRONMENTAL SERVICES LIMITED**

### **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF TRADEBE ENVIRONMENTAL SERVICES LIMITED (CONTINUED)**

**FOR THE YEAR ENDED 31 DECEMBER 2021**

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#### **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.

#### **The extent to which the audit was considered capable of detecting irregularities, including fraud**

Irregularities are instances of non-compliance with laws and regulations. The objectives of our audit are to obtain sufficient appropriate audit evidence regarding compliance with laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements, to perform audit procedures to help identify instances of non-compliance with other laws and regulations that may have a material effect on the financial statements, and to respond appropriately to identified or suspected non-compliance with laws and regulations identified during the audit.

In relation to fraud, the objectives of our audit are to identify and assess the risk of material misstatement of the financial statements due to fraud, to obtain sufficient appropriate audit evidence regarding the assessed risks of material misstatement due to fraud through designing and implementing appropriate responses and to respond appropriately to fraud or suspected fraud identified during the audit.

However, it is the primary responsibility of management, with the oversight of those charged with governance, to ensure that the entity's operations are conducted in accordance with the provisions of laws and regulations and for the prevention and detection of fraud.

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud, the Group audit engagement team:

- obtained an understanding of the nature of the industry and sector, including the legal and regulatory framework that the Group and parent Company operates in and how the Group and parent Company are complying with the legal and regulatory framework;
  - inquired of management, and those charged with governance, about their own identification and assessment of the risks of irregularities, including any known actual, suspected or alleged instances of fraud;
  - discussed matters about non-compliance with laws and regulations and how fraud might occur including assessment of how and where the financial statements may be susceptible to fraud.

As a result of these procedures we consider the most significant laws and regulations that have a direct impact on the financial statements are UK-adopted IAS, the Companies Act 2006 and tax compliance regulations. We performed audit procedures to detect non-compliances which may have a material impact on the financial statements which included reviewing financial statement disclosures and, inspecting correspondence with local tax authorities.

The most significant laws and regulations that have an indirect impact on the financial statements are those in relation to waste management and hazardous waste management. We performed audit procedures to inquire of management and those charged with governance whether the Group is in compliance with these law and regulations and inspected correspondence with licensing or regulatory authorities

The Group audit engagement team identified the risk of management override of controls and the cut off of revenue as the areas where the financial statements were most susceptible to material misstatement due to fraud. Audit procedures performed included but were not limited to testing manual journal entries and other adjustments and evaluating the business rationale in relation to significant, unusual transactions and transactions entered into outside the normal course of business, and testing the recognition of revenue transactions either side of the year-end.

**TRADEBE ENVIRONMENTAL SERVICES LIMITED**

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF TRADEBE ENVIRONMENTAL SERVICES LIMITED (CONTINUED)**

**FOR THE YEAR ENDED 31 DECEMBER 2021**

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

**Use of our report**

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

*RSM UK Audit LLP*

Neil Mellor FCA  
Senior Statutory Auditor  
For and on behalf of RSM UK Audit LLP, Statutory Auditor  
Chartered Accountants  
Davidson House  
Forbury Square  
Reading  
Berkshire, RG1 3EU  
09/12/22  
.....

**TRADEBE ENVIRONMENTAL SERVICES LIMITED**  
**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE YEAR ENDED 31 DECEMBER 2021**

	Notes	2021 £000's	2020 £000's
<b>Continuing operations</b>			
Revenue	3	132,468	116,289
Cost of sales		(41,526)	(31,927)
<b>Gross profit</b>		<b>90,942</b>	<b>84,362</b>
Other income	3	10,581	7,592
Labour costs	4	(39,627)	(39,121)
Other operating costs		(43,992)	(36,218)
<b>Earnings before interest, taxes, depreciation and amortisation ("EBITDA")</b>		<b>17,904</b>	<b>16,615</b>
Depreciation, amortisation and impairment	6	(9,989)	(12,896)
Total administrative expenses		(93,608)	(88,235)
<b>Operating profit</b>		<b>7,915</b>	<b>3,719</b>
Finance income	7	8,392	9,881
Finance costs	8	(6,335)	(10,288)
<b>Profit on ordinary activities before taxation</b>		<b>9,972</b>	<b>3,312</b>
Taxation credit/(charge) for the year	9	44	(131)
<b>Profit for the year from continuing operations</b>		<b>10,016</b>	<b>3,181</b>
Loss for the year from discontinued operations	10	(1,851)	(3,768)
<b>Profit/(loss) for the year</b>		<b>8,165</b>	<b>(587)</b>
<b>Other comprehensive income</b>			
<i>Items that will not be reclassified subsequently to profit or loss</i>			
Translation reserve movement		(80)	(1)
Other movements		(104)	60
Swap revaluation		1,404	(1,097)
Tax relating to other comprehensive income		(267)	204
<b>Total comprehensive income from continuing operations for the year</b>		<b>9,118</b>	<b>(1,421)</b>
<b>Profit/(loss) for the year attributable to:</b>			
Non-controlling interest		-	2,543
Owners of the parent		8,165	(3,130)
		<b>8,165</b>	<b>(587)</b>
<b>Total comprehensive income for the year attributable to:</b>			
Non-controlling interest		-	2,556
Owners of the parent		9,118	(3,977)
		<b>9,118</b>	<b>(1,421)</b>

As permitted by section 408 of the Companies Act 2006, no separate statement of comprehensive income is presented for the Company.

The accompanying accounting policies and notes form part of these financial statements.

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2021

	Notes	2021 £000's	2020 £000's
<b>Assets</b>			
<b>Non-current</b>			
Goodwill	11	11,859	12,015
Other intangible assets	11	4,508	4,703
Property, plant and equipment	12	46,338	50,594
Loans to group companies	29	135,787	143,007
Deferred tax	21	4,675	4,227
<b>Non-current assets</b>		<b>203,167</b>	<b>214,546</b>
<b>Current</b>			
Inventories	14	4,425	4,368
Trade and other receivables	15	35,048	37,463
Amounts due from group undertakings	29	11	1,961
Tax recoverable		20	-
Cash and cash equivalents	16	19,062	21,841
<b>Current assets</b>		<b>58,566</b>	<b>65,633</b>
<b>Total assets</b>		<b>261,733</b>	<b>280,179</b>
<b>Equity and liabilities</b>			
<b>Equity</b>			
Share capital	22	41,540	41,540
Revaluation reserve	23	519	770
Hedging reserve	23	(809)	(1,946)
Retained earnings	23	(8,193)	(17,709)
Foreign exchange reserve	23	(70)	10
Merger reserve	23	(6,896)	(6,896)
Capital and reserves attributable to owners of the parent			
Company		26,091	15,769
Non-controlling interest		-	3,142
<b>Total equity</b>		<b>26,091</b>	<b>18,911</b>
<b>Liabilities</b>			
<b>Non-current</b>			
Borrowings	17	145,036	188,275
Lease liabilities	19	12,918	14,977
Provisions	20	773	629
Deferred tax liabilities	21	691	292
<b>Non-current liabilities</b>		<b>159,418</b>	<b>204,173</b>

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

AS AT 31 DECEMBER 2021

	Notes	2021 £000's	2020 £000's
<b>Current</b>			
Borrowings	17	37,407	11,767
Trade and other payables	18	35,160	38,851
Amounts due to group undertakings	29	166	2,573
Lease liabilities	19	3,491	3,904
<b>Current liabilities</b>		<b>76,224</b>	<b>57,095</b>
<b>Total liabilities</b>		<b>235,642</b>	<b>261,268</b>
<b>Total equity and liabilities</b>		<b>261,733</b>	<b>280,179</b>

These financial statements were approved by the Board of Directors and authorised for issue on

8th December... 2022

Signed on behalf of the Board by:



**Mr Kristian Dales**  
Director

The accompanying accounting policies and notes form part of these financial statements

## COMPANY STATEMENT OF FINANCIAL POSITION

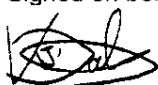
AS AT 31 DECEMBER 2021

	Notes	2021 £000's	2020 as restated £000's	2019 as restated £000's
<b>Assets</b>				
<b>Non-current</b>				
Other intangible assets	11	-	-	-
Loans to group companies	29	26,475	26,475	26,475
Investments	13	60,483	58,506	58,506
Deferred tax	21	36	34	45
<b>Non-current assets</b>		<b>86,994</b>	<b>85,015</b>	<b>85,026</b>
<b>Current</b>				
Trade and other receivables	15	92	357	327
Amounts due from group undertakings	29	52,255	54,696	26,063
Cash and cash equivalents	16	228	122	29,092
<b>Current assets</b>		<b>52,575</b>	<b>55,175</b>	<b>55,482</b>
<b>Total assets</b>		<b>139,569</b>	<b>140,190</b>	<b>140,508</b>
<b>Equity and liabilities</b>				
<b>Equity</b>				
Share capital	22	41,540	41,540	41,540
Retained earnings	23	(7,292)	6,934	(8,137)
Non-distributable reserve	23	23,675	23,675	23,675
<b>Total equity</b>		<b>57,923</b>	<b>72,149</b>	<b>57,078</b>
<b>Liabilities</b>				
<b>Non-current</b>				
Amounts due to group undertakings	29	59,134	59,134	24,452
<b>Non-current liabilities</b>		<b>59,134</b>	<b>59,134</b>	<b>24,452</b>
<b>Current</b>				
Trade and other payables	18	19	19	19
Amounts due to group undertakings	29	22,493	8,888	58,909
Borrowings		-	-	50
<b>Current liabilities</b>		<b>22,512</b>	<b>8,907</b>	<b>58,978</b>
<b>Total liabilities</b>		<b>81,646</b>	<b>68,041</b>	<b>83,430</b>
<b>Total equity and liabilities</b>		<b>139,569</b>	<b>140,190</b>	<b>140,508</b>

The parent undertaking has taken advantage of the exemption conferred by section 408 of the Companies Act 2006 and, accordingly, a separate statement of comprehensive income has not been presented. The parent undertaking's loss and total comprehensive income for the financial year was £14,226,000 (2020: profit of £15,071,000).

These financial statements were approved by the Board of Directors and authorised for issue on  
8th December 2022

Signed on behalf of the Board by:



Mr Kristian Dales  
Director

The accompanying accounting policies and notes form part of these financial statements

**TRADEBE ENVIRONMENTAL SERVICES LIMITED**

**CONSOLIDATED AND COMPANY STATEMENT OF CASH FLOWS**

**FOR THE YEAR ENDED 31 DECEMBER 2021**

	<b>Group 2021 £000's</b>	<b>Group 2020 £000's</b>	<b>Company 2021 £000's</b>	<b>Company 2020 £000's</b>
<b>Continuing operations</b>				
<b>Cash flow from operating activities</b>				
Profit/(loss) after taxation	8,165	(587)	(14,226)	15,071
Tax (charge)/credit on profits	(44)	131	-	-
<b>Adjustments for:</b>				
Depreciation, amortisation and impairment	10,371	12,896	-	-
Loss on disposal of property, plant and equipment	1,313	524	-	-
Finance income	(11,289)	(9,881)	(1,635)	(29,926)
Finance expense	6,335	10,288	2,786	2,353
Movement in non-controlling interest	-	(194)	-	-
Changes in working capital:				
Increase in inventories	(57)	(498)	-	-
Decrease/(increase) in trade and other receivables	4,145	(9,539)	2,707	(28,651)
(Decrease)/increase in trade and other payables	(4,205)	1,790	690	(12)
Increase in provisions	145	4,205	-	-
<b>Net cash inflow/(outflow) from operating activities</b>	<b>14,879</b>	<b>9,135</b>	<b>(9,678)</b>	<b>(41,165)</b>
<b>Cash flows from investing activities</b>				
Purchase of property, plant and equipment	(6,369)	(6,317)	-	-
Purchase of subsidiary undertakings	(1,977)	-	(1,977)	-
Purchase of intangible assets	-	(172)	-	-
Proceeds from sale of property, plant and equipment	3	-	-	-
<b>Net cash outflow from investing activities</b>	<b>(8,343)</b>	<b>(6,489)</b>	<b>(1,977)</b>	<b>-</b>
<b>Cash flows from financing activities</b>				
Interest paid	(6,335)	(10,288)	(2,786)	(2,353)
Interest received	11,289	9,881	1,635	29,926
Income tax increase/(decrease)	99	(506)	(2)	11
Other income	10	-	-	-
Loans from group	-	(435)	12,914	(15,339)
Bank debt (decrease)/increase	(43,239)	1,262	-	(50)
Repayment of lease liabilities	(3,920)	(5,515)	-	-
Other short-term debt	25,638	4,028	-	-
Other long-term debt	7,221	2,786	-	-
<b>Net cash (outflow)/inflow from financing activities</b>	<b>(9,237)</b>	<b>1,212</b>	<b>11,761</b>	<b>12,195</b>
Net (decrease)/increase in cash and cash equivalents	(2,701)	3,858	106	(28,970)
Net (decrease)/increase in foreign exchange reserves	(79)	2	-	-
Cash and cash equivalents at beginning of year	21,841	17,981	122	29,092
<b>Cash and cash equivalents at end of year</b>	<b>19,062</b>	<b>21,841</b>	<b>228</b>	<b>122</b>

The accompanying accounting policies and notes form part of these financial statements

TRADEBE ENVIRONMENTAL SERVICES LIMITED

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

AS AT 31 DECEMBER 2021

	Share capital £000's	Revaluation reserve £000's	Hedging reserve £000's	Retained earnings £000's	Foreign exchange reserve £000's	Merger reserve £000's	Total attributable to owners of the parent £000's	Non- controlling interest £000's	Total equity £000's
<b>Balance at 1 January 2020</b>	<b>41,540</b>	<b>1,044</b>	<b>(1,053)</b>	<b>(14,967)</b>	<b>68</b>	<b>(6,896)</b>	<b>19,746</b>	<b>3,336</b>	<b>23,082</b>
Loss for the financial year	-	-	-	(3,130)	-	-	(3,130)	2,543	(587)
Swap revaluation	-	-	(1,097)	-	-	-	(1,097)	-	(1,097)
Depreciation on revalued assets	-	(274)	-	274	-	-	-	-	-
Translation reserve movement	-	-	-	(16)	2	-	(14)	13	(1)
Tax relating to other comprehensive income	-	-	204	-	-	-	204	-	204
Other movements	-	-	-	120	(60)	-	60	-	60
<b>Total comprehensive expenditure for the year</b>	<b>-</b>	<b>(274)</b>	<b>(893)</b>	<b>(2,752)</b>	<b>(58)</b>	<b>-</b>	<b>(3,977)</b>	<b>2,556</b>	<b>(1,421)</b>
Distribution of dividends	-	-	-	-	-	-	-	(2,750)	(2,750)
<b>Balance at 31 December 2020</b>	<b>41,540</b>	<b>770</b>	<b>(1,946)</b>	<b>(17,709)</b>	<b>10</b>	<b>(6,896)</b>	<b>15,769</b>	<b>3,142</b>	<b>18,911</b>
Profit for the financial year	-	-	-	8,165	-	-	8,165	-	8,165
Swap revaluation	-	-	1,404	-	-	-	1,404	-	1,404
Depreciation on revalued assets	-	(251)	-	251	-	-	-	-	-
Translation reserve movement	-	-	-	-	(80)	-	(80)	-	(80)
Tax relating to other comprehensive income	-	-	(267)	-	-	-	(267)	-	(267)
Other movements	-	-	-	(104)	-	-	(104)	-	(104)
<b>Total comprehensive income for the year</b>	<b>-</b>	<b>(251)</b>	<b>1,137</b>	<b>8,312</b>	<b>(80)</b>	<b>-</b>	<b>9,118</b>	<b>-</b>	<b>9,118</b>
Acquisition of non-controlling interest	-	-	-	1,204	-	-	1,204	(3,142)	(1,938)
<b>Balance at 31 December 2021</b>	<b>41,540</b>	<b>519</b>	<b>(809)</b>	<b>(8,193)</b>	<b>(70)</b>	<b>(6,896)</b>	<b>26,091</b>	<b>-</b>	<b>26,091</b>

The accompanying accounting policies and notes form part of these financial statements

**TRADEBE ENVIRONMENTAL SERVICES LIMITED**  
**COMPANY STATEMENT OF CHANGES IN EQUITY**  
**AS AT 31 DECEMBER 2021**

	Share capital £000's	Non- distributable reserve £000's	Retained earnings £000's	Total equity £000's
<b>As restated for the period ended 31 December 2020:</b>				
Balance at 1 January 2020	41,540	23,675	(39,558)	25,657
Effect of prior period adjustment	-	-	31,421	31,421
<b>As restated at 1 January 2020</b>	<b>41,540</b>	<b>23,675</b>	<b>(8,137)</b>	<b>57,078</b>
Profit and total comprehensive expense for the financial year	-	-	15,071	15,071
<b>Balance at 31 December 2020</b>	<b>41,540</b>	<b>23,675</b>	<b>6,934</b>	<b>72,149</b>
Loss and total comprehensive income for the financial year	-	-	(14,226)	(14,226)
<b>Balance at 31 December 2021</b>	<b>41,540</b>	<b>23,675</b>	<b>(7,292)</b>	<b>57,923</b>

The accompanying accounting policies and notes form part of these financial statements

# **TRADEBE ENVIRONMENTAL SERVICES LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS**

### **FOR THE YEAR ENDED 31 DECEMBER 2021**

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#### **1. Basis of preparation**

##### **1.1 Nature of operations**

The Company operates as the UK parent undertaking for the Tradebe group of companies. The Tradebe Group operates as one of the United Kingdom's leading hazardous waste management specialists.

##### **1.2 General information and statement of compliance with IFRSs**

Tradebe Environmental Services Limited is a private Company limited by shares incorporated and domiciled in the United Kingdom. Its registered office and principal place of business is Atlas House, Third Avenue, Globe Park, Marlow, Buckinghamshire, SL7 1EY, and its Company number is 03873993.

The financial statements have been prepared in accordance with UK-adopted International Accounting Standards ("IFRS").

##### **1.3 Summary of accounting policies**

###### **1.3.1 Overall considerations**

The consolidated financial statements have been prepared using the significant accounting policies and measurement bases summarised below.

Accounting policies that relate to the financial statements as a whole are set out below, while those that relate to specific areas of the financial statements are shown in the corresponding note. All accounting policies have been consistently applied to all of the years presented.

The financial statements have been prepared on a going concern basis under the historical cost convention, except as otherwise described in the accounting policies.

###### **1.3.2 Basis of consolidation**

The Group financial statements consolidate those of the parent Company and all of its subsidiaries as of 31 December 2021. All subsidiaries have a reporting date of 31 December.

All transactions and balances between Group companies are eliminated on consolidation, including unrealised gains and losses on transactions between Group companies. Where unrealised losses on intra-group asset sales are reversed on consolidation, the underlying asset is also tested for impairment from a Group perspective. Amounts reported in the financial statements of subsidiaries have been adjusted where necessary to ensure consistency with the accounting policies adopted by the Group.

Profit or loss and other comprehensive income of subsidiaries acquired or disposed of during the year are recognised from the effective date of acquisition, or up to the effective date of disposal, as applicable.

The Group attributes the total comprehensive income or loss of subsidiaries between the owners of the parent and the non-controlling interests based on their respective ownership interests.

## **TRADEBE ENVIRONMENTAL SERVICES LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

#### **FOR THE YEAR ENDED 31 DECEMBER 2021**

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##### **1.3.3 Going concern**

The Group's business activities, together with the factors likely to affect its future development and position, are set out in the Strategic Report.

The Group is expected to generate positive cash flows for the foreseeable future. The Group operates a centralised treasury arrangement and so shares banking arrangements with its subsidiaries. The Directors have received a letter of support from the ultimate parent Grupo Tradebe Medio Ambiente, S.L. and have assessed the ability of Grupo Tradebe Medio Ambiente, S.L. to provide that support, if required. Therefore, the Directors have no reason to believe that a material uncertainty exists that may cast significant doubt about the ability of the Group to continue as a going concern or its ability to continue with the current banking arrangements.

On this basis the Directors have a reasonable expectation that the Group will be able to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

##### **1.3.4 Business combinations**

The acquisition method of accounting is used to account for business combinations by the Group. The consideration transferred for the acquisition of a subsidiary undertaking is the fair values of the assets transferred and the liabilities incurred by the Group. Acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date.

Goodwill arises where the fair value of consideration given for a business exceeds the fair value of such assets, liabilities and contingent liabilities. If this is less than the fair value of the net assets of the subsidiary in the case of a bargain purchase, the difference is recognised directly in the income statement. Goodwill arising on acquisitions is capitalised with an indefinite useful life and tested annually for impairment. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows ('cash generating units'). Goodwill is allocated to the cash generating units that are expected to benefit from the business combination.

A common control combination arises if the combining entities are ultimately controlled by the same party (including the same individual shareholder or a group of shareholders acting together in accordance with a contractual arrangement) both before and after the combination and the common control is not transitory. Business combinations involving entities under common control fall outside the scope of IFRS 3 Business Combinations. In accordance with IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors, management have considered the pronouncements of other standard-setting bodies in developing an accounting policy for common control combinations.

The Group accounts for business combinations involving entities under common control using pooling of interest-type accounting. Under this policy the assets and liabilities of the acquiree are recorded at book value not fair value (although adjustments are made to achieve uniform accounting policies), intangible assets and contingent liabilities are recognised only to the extent that they were recognised by the acquiree in accordance with applicable IFRS, no goodwill is recorded, any expenses of the combination are written off immediately in the income statement and comparative amounts are restated as if the combination had taken place at the beginning of the earliest comparative period presented.

Accordingly, the consolidated financial statements of the Group represent as if the current structure of the Group has always been in existence.

## **TRADEBE ENVIRONMENTAL SERVICES LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

#### **FOR THE YEAR ENDED 31 DECEMBER 2021**

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##### **1.3.5 Investments**

Investments in subsidiaries are initially measured at cost and subsequently measured at cost less any accumulated impairment losses. The carrying values of fixed asset investments are reviewed for impairment at each reporting date and any impairment losses or reversals of impairment losses are recognised immediately in profit or loss.

A subsidiary is an entity controlled by the Company. Control is the power to govern the financial and operating policies of the entity so as to obtain benefits from its activities.

##### **1.3.6 Functional and presentation currency**

For the purpose of these consolidated financial statements, the results and financial position of each subsidiary undertaking are expressed in pounds sterling (GBP), which is the functional currency of the Group and the parent Company and the presentation currency for the financial statements.

The financial statements are presented to the nearest round thousand pounds (£1,000) unless otherwise stated.

##### **1.3.7 Foreign currency transactions and balances**

Foreign currency transactions are translated into the functional currency of the respective Group entity, using the exchange rates prevailing at the dates of the transactions (spot exchange rate).

Foreign exchange gains and losses resulting from the settlement of such transactions and from the remeasurement of monetary items denominated in foreign currency at year-end exchange rates are recognised in profit or loss.

Non-monetary items are not retranslated at year-end and are measured at historical cost (translated using the exchange rates at the transaction date), except for non-monetary items measured at fair value which are translated using the exchange rates at the date when fair value was determined.

##### **1.3.8 Foreign operations**

In the Group's financial statements, all assets, liabilities and transactions of Group entities with a functional currency other than GBP are translated into GBP upon consolidation. The functional currency of the entities in the Group has remained unchanged during the reporting period.

On consolidation, assets and liabilities have been translated into GBP at the closing rate at the reporting date. Goodwill and fair value adjustments arising on the acquisition of a foreign entity have been treated as assets and liabilities of the foreign entity and translated into GBP at the closing rate. Income and expenses have been translated into GBP at the average rate over the reporting period. Exchange differences are charged or credited to other comprehensive income and recognised in the currency translation reserve in equity. On disposal of a foreign operation, the related cumulative translation differences recognised in equity are reclassified to profit or loss and are recognised as part of the gain or loss on disposal.

## TRADEBE ENVIRONMENTAL SERVICES LIMITED

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

#### FOR THE YEAR ENDED 31 DECEMBER 2021

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##### **1.3.9 Revenue**

The Group generates revenue from the provision of hazard waste collection, treatment disposal and overall waste management services. The Group has five key business divisions being: chemicals, treatment, healthcare, incineration and nuclear waste management.

Revenue is recognised when the performance obligation has been satisfied by transferring the promised good or service to the customer.

At contract inception, an assessment is completed to identify the performance obligations in each contract. Performance obligations in a contract are either goods or services that are distinct, or part of a series of goods or services that are substantially the same and have the same pattern of transfer to the customer. Promises that are not distinct, are combined with other promised goods or services in the contract, until a performance obligation is identified.

At contract inception, the transaction price is determined, being the amount that the Group expects to receive for transferring the promised goods or services. The transaction price is allocated to the performance obligations in the contract based on their relative stand-alone selling prices. The Group uses the contractually stated price as the stand-alone selling price for each performance obligation.

##### *Chemicals*

The Group's chemical contracts are for the provision of chemical reprocessing and supply of reprocessed chemicals to the customer. The contract term varies from 1 to 3 years. There are several promises in the customer contracts, but these promises are inputs in the chemical reprocessing service that is provided to the customer and hence the contract contains a single performance obligation.

The performance obligation is satisfied over time, as another entity would not need to re-perform the chemical reprocessing service completed to date if they were to fulfil the remaining performance obligation. The progress towards complete satisfaction of the performance obligation is measured using the output method, based on the volume of reprocessed chemicals collected by or delivered to the customer.

The transaction price for some chemical contracts includes variable consideration in the form of a rebate or consideration payable to the customer should minimum yield levels not be met. The variable consideration is estimated using the expected value method and the total transaction price adjusted for the variable consideration.

There is no constraint on variable consideration. Variable consideration included in the transaction price is updated at the end of each reporting period to reflect changes during the period and circumstances at the period end.

The contract payment terms are on delivery or collection of the reprocessed chemicals to or by the customer.

##### *Treatment*

The treatment contracts are for the provision of a waste management service which comprises the collection, transportation and either treatment or disposal of waste. The contract term varies from 1 to 5 years.

There are several promises in the customer contracts, but these promises are inputs into the overall waste management service that is being provided to the customer. The contracts thus contain a single performance obligation.

The performance obligation is satisfied over time, as another entity would not need to re-perform the treatment service completed to date if they were to fulfil the remaining performance obligation. The progress towards complete satisfaction of the performance obligation is measured using the output method, based on the volume of waste collected from the customer site.

## TRADEBE ENVIRONMENTAL SERVICES LIMITED

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

#### FOR THE YEAR ENDED 31 DECEMBER 2021

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##### **1.3.9 Revenue (continued)**

The transaction price for some treatment contracts includes variable consideration in the form of a rebate. The variable consideration is estimated using the expected value method and the total transaction price adjusted for the variable consideration. There is no constraint on variable consideration. Variable consideration included in the transaction price is updated at the end of each reporting period to reflect changes during the period and circumstances at the period end.

The contract payment terms are typically monthly based on the volume of waste collected from the customer site.

##### *Healthcare*

The treatment contracts are for the provision of a waste management service which comprises the provision of containers, collection, transportation and either treatment or disposal of waste. The contract term varies from 3 to 5 years.

There are several promises in the customer contracts, but these promises are inputs into the overall waste management service that is being provided to the customer. The contracts thus contain a single performance obligation.

The performance obligation is satisfied over time, as another entity would not need to re-perform the waste management service completed to date if they were to fulfil the remaining performance obligation. The progress towards complete satisfaction of the performance obligation is measured using the output method, based on the volume of waste collected from the customer site.

The transaction price for some healthcare contracts includes variable consideration in the form of an annual volume rebate. The variable consideration is estimated using the expected value method and the total transaction price adjusted for the variable consideration. There is no constraint on variable consideration. Variable consideration included in the transaction price is updated at the end of each reporting period to reflect changes during the period and circumstances at the period end.

The contract payment terms are typically monthly based on the volume of waste collected from the customer site.

##### *Incineration*

The contract terms for incineration services vary from 1 to 3 years. The contracts contain a single performance obligation being the incineration of waste and disposal of resulting by-products.

The performance obligation is recognised at a point in time, being once the waste is destroyed as this is the point at which the customer obtains the benefit of the service and the obligation to the customer has been fulfilled.

The contract payment terms are typically monthly based on the volume of waste incinerated.

The transaction price for some incineration contracts includes variable consideration in the form of a rebate. The variable consideration is estimated using the expected value method and the total transaction price adjusted for the variable consideration. There is no constraint on variable consideration. Variable consideration included in the transaction price is updated at the end of each reporting period to reflect changes during the period and circumstances at the period end.

## TRADEBE ENVIRONMENTAL SERVICES LIMITED

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

#### FOR THE YEAR ENDED 31 DECEMBER 2021

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##### 1.3.9 Revenue (continued)

###### *Nuclear waste management*

The contract terms for provision of nuclear waste management services vary from 1 to 4 years. The contract contains a number of individual promises, but these promises are inputs into the overall nuclear waste management service which is a single performance obligation.

Revenue from this single performance obligation is recognised over time. The customer simultaneously receives and consumes the benefits of the service, as another entity would not need to re-perform the services completed to date if they were to satisfy the remaining performance obligation. Progress towards complete satisfaction of the performance obligation is measured using the input method on the basis using labour hours incurred compared to total expected labour hours.

The transaction price for some nuclear waste management contracts includes variable consideration in the form of a rebate. The variable consideration is estimated using the expected value method and the total transaction price adjusted for the variable consideration. There is no constraint on variable consideration. Variable consideration included in the transaction price is updated at the end of each reporting period to reflect changes during the period and circumstances at the period end.

The contract payment terms for some contracts require upfront payment for nuclear waste management services. There is thus a difference in the timing of payment for the services and satisfaction of the performance obligation. Management has determined that there is not a significant financing component in these contracts that should be separated from the transaction price.

##### 1.3.10 Contract costs

###### *Costs of obtaining a contract*

The incremental costs associated with obtaining a contract are recognised as an asset if the Group expects to recover the costs. Costs that are not incremental to a contract are expensed as incurred. Management determines which costs are incremental and meet the criteria for capitalisation.

Costs to fulfil a contract, which are not in the scope of another standard, are recognised separately as a contract fulfilment asset to the extent that they relate directly to a contract which can be specifically identified, the costs generate or enhance resources that will be used to satisfy the performance obligation and the costs are expected to be recovered. Management applies judgement to determine which contract fulfilment costs meet the recognition criteria, and in particular if the costs generate or enhance resources used to satisfy the performance obligation.

Costs to fulfil a contract, which do not meet the criteria above, are expensed as incurred.

###### *Contract fulfilment asset*

Contract fulfilment assets are amortised over the expected contract period on a systematic basis representing the pattern in which control of the associated service is transferred to the customer.

##### 1.3.11 Impairment of non-financial assets

###### *Capitalised contract costs and contract fulfilment assets*

The Group undertakes an assessment at each reporting date to determine whether capitalised contract costs and contract fulfilment assets are impaired. An impairment loss is recognised if the carrying amount of the capitalised contract costs or contract fulfilment asset exceeds the remaining consideration expected to be received for the services to which the asset relates, less the costs that directly relate to providing the services under the contract.

**TRADEBE ENVIRONMENTAL SERVICES LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED 31 DECEMBER 2021**

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**1.3.12 Deferred and accrued income**

*Contracts with customers*

Where the payment schedule within a customer contract does not match the transfer of goods and services, the Group will recognise either accrued or deferred income.

A deferred income contract liability is recognised where payments made exceed the revenue recognised at the period end date. An accrued income contract asset is recognised where payments made are less than the revenue recognised at the period end date.

*Interest and dividends*

Interest income and expenses are reported on an accrual basis using the effective interest method. Dividends, other than those from investments in associates and joint ventures, are recognised at the time the right to receive payment is established.

**1.3.13 Operating expenses**

Operating expenses are recognised in the statement of comprehensive income upon utilisation of the service or as incurred.

**1.3.14 Borrowing costs**

Borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset are capitalised during the period of time that is necessary to complete and prepare the asset for its intended use or sale. Other borrowing costs are expensed in the period in which they are incurred and reported in finance costs.

**1.3.15 Profit or loss from discontinued operations**

A discontinued operation is a component of the Group that either has been disposed of, or is classified as held for sale. Profit or loss from discontinued operations comprises the post-tax profit or loss of discontinued operations and the post-tax gain or loss resulting from the measurement and disposal of assets classified as held for sale.

**1.3.16 Goodwill and other intangible assets**

*Goodwill*

Goodwill represents the future economic benefits arising from a business combination that are not individually identified and separately recorded. Goodwill is carried at cost less accumulated impairment losses.

*Other intangible assets*

Other intangible assets include IT software. Intangible assets acquired separately from a business are recognised at cost and are subsequently measured at cost less accumulated amortisation and accumulated impairment losses.

Intangible assets acquired on business combinations are recognised separately from goodwill at the acquisition date where it is probable that the expected future economic benefits that are attributable to the asset will flow to the group and the cost or value of the asset can be measured reliably; the intangible asset arises from contractual or other legal rights; and the intangible asset is separable from the group

Other intangible assets include IT software.

Amortisation is recognised on a straight-line basis to write down the cost less estimated residual value of assets. The following useful lives are applied:

Other intangible assets        -        5 – 25 years straight line

## TRADEBE ENVIRONMENTAL SERVICES LIMITED

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

#### FOR THE YEAR ENDED 31 DECEMBER 2021

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##### **1.3.17 Property, plant and equipment**

Tangible fixed assets are initially measured at cost or valuation, and subsequently measured at cost or valuation, less accumulated depreciation and provision for any impairment. Depreciation is recognised to write down the cost of assets less their estimated residual values. The following useful lives are applied:

Freehold property	-	50 years straight line
Leasehold buildings	-	33 years straight line
Plant and machinery	-	3 - 20 years straight line

Freehold land is not depreciated.

Material residual value estimates and estimates of useful life are updated as required, but at least annually.

Gains or losses arising on the disposal of property, plant and equipment are determined as the difference between the sale proceeds and the carrying amount of the assets and are recognised in the statement of comprehensive income within other income or other expenses.

##### **1.3.18 Non-current assets and liabilities classified as held for sale and discontinued operations**

Non-current assets classified as held for sale are presented separately and measured at the lower of their carrying amounts immediately prior to their classification as held for sale and their fair value less costs to sell. However, some held for sale assets such as financial assets or deferred tax assets, continue to be measured in accordance with the Group's relevant accounting policy for those assets. Once classified as held for sale, the assets are not subject to depreciation or amortisation.

Any profit or loss arising from the sale or remeasurement of discontinued operations is presented as part of a single line item, profit or loss from discontinued operations.

##### **1.3.19 Impairment testing of goodwill, other intangible assets and property, plant and equipment**

For impairment assessment purposes, assets are grouped at the lowest levels for which there are largely independent cash inflows (cash-generating units). As a result, some assets are tested individually for impairment and some are tested at cash-generating unit level. Goodwill is allocated to those cash-generating units that are expected to benefit from synergies of a related business combination and represent the lowest level within the Group at which management monitors goodwill.

Cash-generating units to which goodwill has been allocated (determined by the Group's management as equivalent to its operating segments) are tested for impairment at least annually. All other individual assets or cash-generating units are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

An impairment loss is recognised for the amount by which the asset's (or cash-generating unit's) carrying amount exceeds its recoverable amount, which is the higher of fair value less costs of disposal and value-in-use. To determine the value-in-use, management estimates expected future cash flows from each cash-generating unit and determines a suitable discount rate in order to calculate the present value of those cash flows. The data used for impairment testing procedures are directly linked to the Group's latest approved budget, adjusted as necessary to exclude the effects of future reorganisations and asset enhancements. Discount factors are determined individually for each cash-generating unit and reflect current market assessments of the time value of money and asset-specific risk factors.

## TRADEBE ENVIRONMENTAL SERVICES LIMITED

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

#### FOR THE YEAR ENDED 31 DECEMBER 2021

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##### **1.3.19 Impairment testing of goodwill, other intangible assets and property, plant and equipment (continued)**

Impairment losses for cash-generating units reduce first the carrying amount of any goodwill allocated to that cash-generating unit. Any remaining impairment loss is charged pro rata to the other assets in the cash-generating unit. With the exception of goodwill, all assets are subsequently reassessed for indications that an impairment loss previously recognised may no longer exist. An impairment loss is reversed if the asset's or cash-generating unit's recoverable amount exceeds its carrying amount.

##### **1.3.20 Financial Instruments**

###### ***Financial assets***

Financial assets are recognised in the Group's statement of financial position when the Group becomes party to the contractual provisions of the instrument. Financial assets are classified into specified categories. The classification depends on the nature and purpose of the financial assets and is determined at the time of recognition. Financial assets are initially measured at fair value plus transaction costs, other than those classified as fair value through profit and loss, which are measured at fair value and any transaction costs are recognised in profit or loss.

###### ***Loans and receivables***

Trade receivables are initially measured at their transaction price. Other receivables are initially measured at fair value plus transaction costs. Receivables are held to collect the contractual cash flows which are solely payments of principal and interest. Therefore, these receivables are subsequently measured at amortised cost using the effective interest rate method.

Trade receivables are reported net of a provision for expected credit loss. The process of estimating the collection of trade receivables involves significant assumptions and judgments. Specifically, the bad debt provision is based on management's analysis of historic and forward looking information on expected credit loss.

###### ***Financial assets at fair value through profit or loss***

Financial assets measured at fair value through profit or loss are carried in the statement of financial position at fair value with changes in fair value recognised in the statement of comprehensive income.

###### ***Intercompany receivables***

Balances owed by group entities are carried at fair value in accordance with the inter group's structured financing arrangement. Short term inter group financing is repayable on demand and is deemed to have a near zero expected credit loss.

###### ***Impairment of financial assets***

The Group recognises an allowance for expected credit losses, or an ECL, for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive, discounted at an approximation of the original effective interest rate.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For trade receivables and contract assets, the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the economic environment.

## TRADEBE ENVIRONMENTAL SERVICES LIMITED

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

#### FOR THE YEAR ENDED 31 DECEMBER 2021

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##### **1.3.20 Financial Instruments (continued)**

The Group considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Company may also consider a financial asset to be in default when internal or external information indicates that the Company is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Company. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

##### *Trade receivables*

For trade receivables, expected credit losses are measured by applying an expected loss rate to the gross carrying amount. The expected loss rate comprises the risk of a default occurring and the expected cash flows on default based on the aging of the receivable. The risk of a default occurring always takes into consideration all possible default events over the expected life of those receivables ("the lifetime expected credit losses"). Different provision rates and periods are used based on groupings of historic credit loss experience by product type, customer type and location.

Impairment losses and any subsequent reversals of impairment losses, are adjusted against the carrying amount of the receivable and are recognised in profit or loss.

##### *Impairment of group receivables*

ECLs were calculated based on cash flow forecasts of the relevant Group entities. There is no impairment of intercompany receivables as there is sufficient cash forecast to support the full recovery of intercompany receivables.

##### **Financial liabilities and equity**

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

##### **Other financial liabilities**

##### *Trade and other payables*

Trade, group and other payables are initially measured at fair value, net of direct transaction costs and subsequently measured at amortised cost.

##### *Interest-bearing loans and borrowings*

All loans and borrowings are initially recognised at fair value, less directly attributable transaction costs. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees on points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability.

The interest rate benchmark on which the hedged cash flows and cash flows of the hedging instrument are based are not altered as a result of interest rate benchmark reform.

## TRADEBE ENVIRONMENTAL SERVICES LIMITED

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

#### FOR THE YEAR ENDED 31 DECEMBER 2021

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##### 1.3.20 Financial Instruments (continued)

###### ***Derivative financial instruments***

Derivative financial instruments are accounted for at fair value through profit or loss 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 all of the following requirements:

- there is an economic relationship between the hedged item and the hedging instrument
- the effect of credit risk does not dominate the value changes that result from that economic relationship, and
- the hedge ratio of the hedging relationship is the same as that resulting from the quantity of the hedged item that the entity actually hedges and the quantity of the hedging instrument that the entity actually uses to hedge that quantity of hedged item.

For the reporting periods under review, the Group has designated certain interest rate swap contracts as hedging instruments in cash flow hedge relationships. These arrangements have been entered into to mitigate the interest rate risk arising from certain variable rate borrowings. All derivative financial instruments used for hedge accounting are recognised initially at fair value and reported subsequently at fair value in the consolidated statement of financial position.

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 other comprehensive income and included within the cash flow hedge reserve in equity. Any ineffectiveness in the hedge relationship is recognised immediately in profit or loss. At the time the hedged item affects profit or loss, any gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss and presented as a reclassification adjustment within other comprehensive income. However, if a non-financial asset or liability is recognised as a result of the hedged transaction, the gains and losses previously recognised in other comprehensive income are included in the initial measurement of the hedged item. If a forecast transaction is no longer expected to occur, any related gain or loss recognised in other comprehensive income is transferred immediately to profit or loss. If the hedging relationship ceases to meet the effectiveness conditions, hedge accounting is discontinued and the related gain or loss is held in the equity reserve until the forecast transaction occurs.

##### 1.3.21 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.

##### 1.3.22 Inventories

Inventories are stated at the lower of cost and net realisable value. Cost includes all expenses directly attributable to the manufacturing process as well as suitable portions of related production overheads, based on normal operating capacity. Costs of ordinarily interchangeable items are assigned using the first in, first out cost formula. Net realisable value is the estimated selling price in the ordinary course of business less any applicable selling expenses.

At each reporting date, inventories are assessed for impairment. If inventories are impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in profit or loss.

##### 1.3.23 Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits.

## TRADEBE ENVIRONMENTAL SERVICES LIMITED

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

#### FOR THE YEAR ENDED 31 DECEMBER 2021

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##### 1.3.23 Leases

###### **Leases – the group as lessee**

At inception, the Group assesses whether a contract is, or contains, a lease within the scope of IFRS 16 Leases. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Where a tangible asset is acquired through a lease, the Group recognises a right-of-use asset and a lease liability at the lease commencement date. Right-of-use assets are included within property, plant and equipment, apart from those that meet the definition of investment property.

###### *Recognition of right-of-use asset*

The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date plus any initial direct costs and an estimate of the cost of obligations to dismantle, remove, refurbish or restore the underlying asset and the site on which it is located, less any lease incentives received.

The right-of-use is subsequently measured at cost less accumulated depreciation and any accumulated impairment losses. The depreciation methods applied are as follows:

Leasehold land and buildings	On a straight-line basis over the length of the lease
Plant and equipment	On a straight-line basis over the length of the lease
Vehicle leases	On a straight-line basis over the length of the lease

The right-of-use asset is adjusted for any re-measurement of the lease liability and lease modifications.

###### *Lease liability*

The lease liability is initially measured at the present value of the lease payments during the lease term discounted using the interest rate implicit in the lease, or the incremental borrowing rate if the interest rate implicit in the lease cannot be readily determined.

The lease term is the non-cancellable period of the lease plus extension periods that the Group is reasonably certain to exercise and termination periods that the Group is reasonably certain not to exercise.

Lease payments include fixed payments, less any lease incentives receivable, variable lease payments dependant on an index or a rate (such as those linked to LIBOR) and any residual value guarantees.

Variable lease payments are initially measured using the index or rate when the leased asset is available for use.

Termination penalties are included in the lease payments if the lease term has been adjusted because the company reasonably expects to exercise an option to terminate the lease.

The lease liability is subsequently increased for a constant periodic rate of interest on the remaining balance of the lease liability and reduced for lease payments.

Interest on the lease liability is recognised in the statement of comprehensive income.

###### *Short-term and low-value leases*

The Group has elected not to recognise right-of-use assets and lease liabilities for leases with a value below £5,000, or where the lease has a lease term of 12 months or less at the commencement date. The payments associated with those leases are recognised on a straight-line basis over the lease term within administrative expenses in the statement of comprehensive income.

## TRADEBE ENVIRONMENTAL SERVICES LIMITED

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

#### FOR THE YEAR ENDED 31 DECEMBER 2021

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##### **1.3.24 Income taxes**

Tax expense recognised in the statement of comprehensive income comprises the sum of deferred tax and current tax not recognised in other comprehensive income or directly in equity.

##### *Current tax*

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the statement of comprehensive income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

##### *Deferred tax*

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the financial statements, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt within equity. Deferred tax assets and liabilities are offset when the company has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

##### **1.3.25 Retirement benefits**

The Group provides post-employment benefits through various defined contribution and defined benefit plans.

##### *Defined contribution plans*

The Group provides a defined contribution scheme for its employees and contributions are charged to the statement of comprehensive income in the period in which they are due. The assets of the scheme are held in trust funds independent of the Group. The Group has no legal or constructive obligations to pay contributions in addition to its fixed contributions, which are recognised as an expense in the period that related employee services are received.

##### *Defined benefit plans*

The Group provides a defined benefit scheme for certain employees and former employees of Tradebe Solvent Recycling Limited, a subsidiary company.

Under the Group's defined benefit plans, the amount of pension benefit that an employee will receive on retirement is defined by reference to the employee's length of service and final salary.

The legal obligation for any benefits remains with the Group, even if plan assets for funding the defined benefit plan have been set aside.

Plan assets may include assets specifically designated to a long-term benefit fund as well as qualifying insurance policies.

## TRADEBE ENVIRONMENTAL SERVICES LIMITED

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

#### FOR THE YEAR ENDED 31 DECEMBER 2021

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##### **1.3.25 Retirement benefits (continued)**

###### *Defined benefit plans (continued)*

Any net defined benefit asset recognised is measured at the lower of the surplus in the defined benefit plan and the asset ceiling. The asset ceiling refers to the present value of any economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan.

Management estimates the DBO annually with the assistance of independent actuaries. This is based on standard rates of inflation, salary growth rate and mortality. Discount factors are determined close to each year-end by reference to high quality corporate bonds that are denominated in the currency in which the benefits will be paid and that have terms to maturity approximating the terms of the related pension liability.

Employee contributions, all of which are independent of the number of years of service, are treated as a reduction of service cost.

Net interest income on the net defined benefit asset would be included in finance income and gains and losses resulting from remeasurements of the net defined benefit asset would be included in other comprehensive income, if the net asset for the defined benefit plan were included in the statement of financial position.

##### **1.3.26 Short-term employee benefits**

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of inventories or non-current assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the Group is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

##### **1.3.27 Provisions, contingent assets and contingent liabilities**

Provisions are recognised when the Group has a present legal or constructive obligation as a result of a past event, it is probable that an outflow of economic resources will be required from the Group, and amounts can be estimated reliably. Timing or amount of the outflow may still be uncertain.

Provisions are measured at the estimated expenditure required to settle the present obligation, based on the most reliable evidence available at the reporting date, including the risks and uncertainties associated with the present obligation. Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. Provisions are discounted to their present values, where the time value of money is material.

Any reimbursement that the Group is virtually certain to collect from a third party with respect to the obligation is recognised as a separate asset. However, this asset may not exceed the amount of the related provision.

No liability is recognised if an outflow of economic resources as a result of present obligations is not probable. Such situations are disclosed as contingent liabilities unless the outflow of resources is remote.

## TRADEBE ENVIRONMENTAL SERVICES LIMITED

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

#### FOR THE YEAR ENDED 31 DECEMBER 2021

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##### **1.3.28 Government grants**

Government grants are recognised when there is reasonable assurance that the grant conditions will be met and the grants will be received.

Grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognised net of the related expenses in the statement of comprehensive income in the period in which they become receivable.

The Group received a discretionary cash grant of £117,000 (2020: £1,298,000) from the government as part of the Coronavirus Job Retention Scheme (CJRS) which compensates employers for part of the wages, associated national insurance contributions (NICs) and employer pension contributions of employees who have been placed on furlough (i.e. placed on a temporary leave of absence from working for the employer). The grant is conditional upon the employees being employed and on the company PAYE payroll and the employee cannot do any work for their employer that makes money or provides services for their employer or any organisation linked or associated with their employee. There are no unfulfilled conditions or contingencies attached to the grant. CJRS income has been net against the related employee costs.

##### **1.3.29 Significant management judgement in applying accounting policies and estimation uncertainty**

The preparation of the consolidated financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. The judgements, estimates and assumptions are based on historical experience and other factors, including expectations of future events that are believed to be reasonable and constitute management's best judgement at the date of the financial statements. In the future, actual experience could differ from those estimates.

##### ***Estimation uncertainty***

Information about estimates and assumptions that have the most significant effect on recognition and measurement of assets, liabilities, income and expenses is provided below. Actual results may be substantially different.

##### ***Recognition of deferred tax assets***

The extent to which deferred tax assets can be recognised is based on an assessment of the profitability that future taxable income will be available against which the deductible temporary timing differences and tax loss carry-forwards can be utilised. In addition, significant judgement is required in assessing the impact of any legal or economic limits or uncertainties in various tax jurisdictions. See note 21 for details of deferred tax assets recognised.

##### ***Impairment of non-financial assets and goodwill***

In assessing impairment, management estimates the recoverable amount of each asset or cash-generating units based on expected future cash flows and uses an interest rate to discount them. Estimation uncertainty relates to assumptions about future operating results and the determination of a suitable discount rate. Impairment of £156,000 (2020: £156,000) is recognised in respect of goodwill as disclosed in note 11.

##### ***Inventories***

Management estimates the net realisable values of inventories, taking into account the most reliable evidence available at each reporting date. The future realisation of these inventories may be affected by regulatory changes or other market-driven changes that may reduce future selling prices. The carrying amount of inventories at 31 December 2021 is £4,425,000 (2020: £4,368,000).

##### ***Gains and losses on de-recognition of financial instruments***

When financial instruments are de-recognised the carrying value of the financial instruments is adjusted to reflect the actual and revised cash flows, and by comparing the present value of the estimated future cash flows at the financial instruments effective interest rate. The adjustment is recognised as an income or expense in the profit and loss account. No gains or losses have been recognised in the current year (2020: £nil).

**1.3.29 Significant management judgement in applying accounting policies and estimation uncertainty (continued)**

*Leases*

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, or is not applicable, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

To determine the incremental borrowing rate, the Company:

- Where possible, uses recent third-party financing received by the individual lessee as a starting point, adjusted to reflect changes in financing conditions since third party financing was received;
- Uses a build-up approach that starts with a risk-free interest rate adjusted for credit risk for leases held by the Company, which does not have recent third party financing; and
- Makes adjustments specific to the lease, e.g. term, currency and security.

The Company used incremental borrowing rates specific to each lease or portfolio of leases and the rates range between 0.55% - 4.94% (2020: 1.60% - 4.28%) translating to an average rate of 2.40% (2020: 3.18%). A 100-basis point increase/(decrease) in the rate would cause the lease liabilities and the right-of-use assets to change by a minimal amount.

See note 12 for the carrying value of right-of-use assets and note 19 for the carrying value of lease liabilities.

*Useful lives of depreciable assets*

Management reviews its estimate of the useful lives of depreciable assets at each reporting date, based on the expected utility of the assets. Uncertainties in these estimates relate to technological obsolescence that may change the utility of certain software and IT equipment.

*Defined benefit obligation (DBO)*

Management's estimate of the DBO is based on a number of critical underlying assumptions such as standard rates of inflation, mortality, discount rate and anticipation of future salary increases. Variation in these assumptions may significantly impact the DBO amount and the annual defined benefit expenses.

*Fair value measurement*

Management uses valuation techniques to determine the fair value of financial instruments (where active market quotes are not available) and non-financial assets. This involves developing estimates and assumptions consistent with how market participants would price the instrument. Management bases its assumptions on observable data as far as possible but this is not always available. In that case management uses the best information available. Estimated fair values may vary from the actual prices that would be achieved in an arm's length transaction at the reporting date.

*Expected credit losses*

The allowance for expected credit losses assessment requires a degree of estimation. It is based on a combination of factors, including the company's historical loss experience and any anticipated effects related to current economic conditions, as well as management knowledge of the current composition of trade receivables.

**TRADEBE ENVIRONMENTAL SERVICES LIMITED****NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****FOR THE YEAR ENDED 31 DECEMBER 2021****2. Prior period adjustment**

TML employs the staff for the Tradebe Group UK entities. For the years up to December 2013, the financial statements of TML included intercompany recharges principally related to labour and central functions provided for Group entities. In the year ending 2014, the management at the time made a decision to not recharge between UK entities for the year ending 31 December 2014 onwards. During the year ended 31 December 2018, a decision was reached by the new management team to recharge management costs from TML to TESL at a fixed mark-up.

As part of finalising the 2018 financial statements, the new UK management team identified that there had been no charges to TESL in the years ending 31 December 2014 to 31 December 2017. UK management considered that it was an accounting error that recharges for those years had not been reflected, as in years prior to 2014. The financial statements for the year ending 31 December 2018 included a prior period adjustment of £30,821,000 to account retrospectively for recharges for the years ending 31 December 2014 to 2017. A further catch-up adjustment of £600,000 in respect of these charges for the same historic periods was recognised in the statutory accounts for the year ended 31 December 2019.

Management only subsequently discovered that a conscious decision was made by previous management in 2014 to no longer recharge; and therefore that the costs included in the financial statements of TESL in the years ended 31 December 2014 to 2017 were appropriately accounted for in the financial statements as originally filed. The financial statements for the years ended 31 December 2014 through to 2017 were therefore prepared in accordance with UK GAAP and were correct as originally prepared and filed. A prior period adjustment of £31,421,000 has therefore been made in the current year financial statements to reverse the prior period adjustment of £30,821,000 erroneously booked in the year ending 31 December 2018 and the catch-up adjustment of £600,000 booked in the year ended 31 December 2019.

**Changes to the statement of financial position**

Company	At 31 December 2020			As restated £000's
	As previously reported £000's	Adjustment at 1 Jan 2020 £000's	Adjustment at 31 Dec 2020 £000's	
<b>Equity</b>				
Retained earnings	(24,487)	31,421	-	6,934
<b>Total equity</b>	<b>40,728</b>	<b>31,421</b>	-	<b>72,149</b>
<b>Current liabilities</b>				
Amounts due to group undertakings	40,309	(31,421)	-	8,888
<b>Total liabilities</b>	<b>99,462</b>	<b>(31,421)</b>	-	<b>68,041</b>

**TRADEBE ENVIRONMENTAL SERVICES LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**FOR THE YEAR ENDED 31 DECEMBER 2021**

**3. Revenue**

	<b>2021</b> <b>£000's</b>	<b>2020</b> <b>£000's</b>
<b>Continuing operations</b>		
Revenue from contracts with customers	<b>132,468</b>	116,289

The Group's revenues from external customers are divided into the following geographical areas:

<b>Revenue by geographical location</b>	<b>2021</b> <b>£000's</b>	<b>2020</b> <b>£000's</b>
United Kingdom	<b>124,816</b>	101,926
Rest of Europe	<b>7,151</b>	6,481
Rest of World	<b>501</b>	7,882
	<b>132,468</b>	116,289

<b>Revenue by type of service</b>	<b>2021</b> <b>£000's</b>	<b>2020</b> <b>£000's</b>
Chemicals	<b>28,686</b>	27,449
Treatment	<b>41,060</b>	42,366
Healthcare	<b>38,252</b>	29,448
Incineration	<b>17,266</b>	9,443
Nuclear waste management	<b>7,204</b>	7,583
	<b>132,468</b>	116,289

	<b>2021</b> <b>£000's</b>	<b>2020</b> <b>£000's</b>
Other operating income	<b>10,581</b>	7,592

Included in other operating income are anticipated amounts receivable in relation to the property damage and business interruption claims following the fire at the Bellshill site for Tradebe Healthcare National Limited, an indirectly owned subsidiary.

**TRADEBE ENVIRONMENTAL SERVICES LIMITED****NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****FOR THE YEAR ENDED 31 DECEMBER 2021****4. Staff costs**

	<b>2021</b>	<b>2020</b>
	<b>£000's</b>	<b>£000's</b>
Salaries	<b>33,985</b>	33,246
Social security costs	<b>3,235</b>	3,073
Pension costs in respect of defined contribution scheme	<b>1,197</b>	1,255
	<b>38,417</b>	37,574

Salaries include wages and salaries, bonuses and employee benefits.

Total labour costs in the statement of comprehensive income of £39,627,000 (2020: £39,121,000) include indirect labour costs of £1,210,000 (2020: £1,547,000).

Staff costs are shown net of government grant income of £117,000 (2020: £1,298,000) related to income received under the government's Coronavirus Job Retention Scheme (CJRS). The Group furloughed a number of staff under the CJRS and the funding received relates to staff costs in respect of these employees.

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

	<b>2021</b>	<b>2020</b>
	<b>No.</b>	<b>No.</b>
Commercial	<b>52</b>	39
Operating	<b>652</b>	697
Management	<b>15</b>	18
Administrative	<b>142</b>	160
	<b>861</b>	914

**5. Directors and key management personnel**

Key management of the Group are the executive members of the Board of Directors. Directors' remuneration during the year amounted to:

	<b>2021</b>	<b>2020</b>
	<b>£000's</b>	<b>£000's</b>
Emoluments	<b>218</b>	241
Company contributions to money purchase pension schemes	<b>7</b>	-
Compensation for loss of office	<b>43</b>	-
	<b>268</b>	241

The number of directors to whom retirement benefits accrued under money purchase schemes was 2 (2020: nil).

Remuneration attributable to the highest paid director during the year amounted to:

	<b>2021</b>	<b>2020</b>
	<b>£000's</b>	<b>£000's</b>
Emoluments	<b>134</b>	241
Company contributions to money purchase pension schemes	<b>5</b>	-
	<b>139</b>	241

No amount was paid into the Group operated defined benefit scheme on behalf of any director (2020: £nil).

**TRADEBE ENVIRONMENTAL SERVICES LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED 31 DECEMBER 2021**

**6. Other operating costs**

***Depreciation, amortisation and impairment:***

	<b>2021</b>	<b>2020</b>
	<b>£000's</b>	<b>£000's</b>
Depreciation of property, plant and equipment	<b>10,126</b>	11,635
Amortisation	<b>(293)</b>	1,105
Impairment of goodwill	<b>156</b>	156
	<b>9,989</b>	<b>12,896</b>

Depreciation charges of £382,000 (2020: £863,000) are recognised in the loss from discontinued operations.

Details of impairment of goodwill are disclosed in note 11.

During the year it was determined that certain intangibles had been over amortised by £1.4 million. Amortisation for the year is inclusive of an adjustment to re-align amortisation.

***Other operating charges/(credits):***

Operating loss is stated after charging/(crediting):

	<b>2021</b>	<b>2020</b>
	<b>£000's</b>	<b>£000's</b>
Exchange rate gains	<b>(2,896)</b>	-
Loss/(gain) on disposal of property, plant & equipment	<b>1,313</b>	(850)
Auditor's remuneration for audit services	<b>120</b>	112
Auditor's remuneration for other services:		
Taxation compliance services	<b>68</b>	43
All other non-audit services	<b>102</b>	115

Total fees and expenses payable to the auditors, RSM UK Audit LLP, were borne by Tradebe Management Limited, a subsidiary undertaking of the Company.

**TRADEBE ENVIRONMENTAL SERVICES LIMITED****NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****FOR THE YEAR ENDED 31 DECEMBER 2021****7. Finance income**

	<b>2021</b>	<b>2020</b>
	<b>£000's</b>	<b>£000's</b>
Intercompany interest	<b>8,087</b>	9,561
Effects of modification	<b>305</b>	320
	<b>8,392</b>	9,881

**8. Finance costs**

	<b>2021</b>	<b>2020</b>
	<b>£000's</b>	<b>£000's</b>
Exchange rate differences	-	1,520
Interest on bank borrowing	<b>3,905</b>	6,350
Interest on lease liabilities	<b>719</b>	852
Intercompany interest	<b>39</b>	126
Swap interest	<b>1,356</b>	1,261
Other interest	<b>1,035</b>	1,031
	<b>6,335</b>	10,288

Interest on lease liabilities for the year ended 31 December 2020 was included in interest on bank borrowing. The information above has been disaggregated to separately disclose lease interest.

**TRADEBE ENVIRONMENTAL SERVICES LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**FOR THE YEAR ENDED 31 DECEMBER 2021**

**9. Taxation**

	<b>2021</b>	<b>2020</b>
	<b>£000's</b>	<b>£000's</b>
Corporation tax		
Current tax on profits for the year	<b>259</b>	239
Total current tax charge	<b>259</b>	239
Deferred tax		
Origination and reversal of timing differences	<b>643</b>	443
Adjustments in respect of prior year	<b>98</b>	(117)
Effect of tax rate change on opening balance	<b>(1,044)</b>	(434)
Total deferred tax credit	<b>(303)</b>	(108)
Taxation (credit)/charge on profit on ordinary activities	<b>(44)</b>	131

The total tax (credit)/charge for the year included in the statement of comprehensive income can be reconciled to the profit before tax multiplied by the standard rate of tax as follows:

	<b>2021</b>	<b>2020</b>
	<b>£000's</b>	<b>£000's</b>
Profit on ordinary activities before taxation	<b>8,319</b>	3,312
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2020: 19%).	<b>1,581</b>	629
Effects of:		
Expenses not deductible for tax purposes	<b>10</b>	24
Income not taxable for tax purposes	<b>(117)</b>	(368)
Movement on unrecognised deferred tax	<b>(950)</b>	1,089
Adjustments to tax charge in respect of previous periods - deferred tax	<b>99</b>	(117)
Effect of tax rate change	<b>(882)</b>	(434)
Discontinued operations	<b>-</b>	(716)
Other differences	<b>215</b>	24
Total tax (credit)/charge for the year	<b>(44)</b>	131

**TRADEBE ENVIRONMENTAL SERVICES LIMITED****NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****FOR THE YEAR ENDED 31 DECEMBER 2021****9. Taxation (continued)**

In addition to the amount charged to the income statement, the following amounts relating to tax have been recognised directly in other comprehensive income:

	<b>2021</b>	<b>2020</b>
	<b>£000's</b>	<b>£000's</b>
Deferred tax arising on:		
Revaluation of financial instruments treated as cash flow hedges	<b>267</b>	<b>(204)</b>

**Factors that may affect future tax charges**

On 3 March 2021, the UK Government announced an increase in the main UK corporation tax rate from 19% to 25% with effect from 1 April 2023. The change in rate was substantively enacted on 24 May 2021 and deferred tax has been calculated at 25%.

Note 21 provides information on deferred tax assets and liabilities.

**10. Disposal groups classified as held for sale and discontinued operations**

In the prior year, Tradebe ceased the Thinners manufacturing operations at the Knottingley site following an extended period of adverse economic performance combined with the severe impact of the COVID-19 pandemic that has reduced thinners market demand. Any revenue or cost associated with this site has been isolated and reflected under discontinued operations since then.

The Ocean Terminal business within Tradebe Solvent Recycling Limited was discontinued during Q4 2017, and any revenue or cost has been isolated and reflected under discontinued operations since then.

The results of the discontinued business, which have been included in the statement of comprehensive income, were as follows:

	<b>2021</b>	<b>2020</b>
	<b>£000's</b>	<b>£000's</b>
Revenue	<b>1,396</b>	<b>3,078</b>
Cost of sales	<b>(1,045)</b>	<b>-</b>
Operating expenses	<b>(2,202)</b>	<b>(6,846)</b>
<b>Loss before taxation</b>	<b>(1,851)</b>	<b>(3,768)</b>
<b>Net loss attributable to discontinuation</b>	<b>(1,851)</b>	<b>(3,768)</b>

Operating expenses above includes depreciation charges of £382,000 (2020: £863,000).

The Group had no other operations which were considered to be discontinued in the current year.

**TRADEBE ENVIRONMENTAL SERVICES LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**FOR THE YEAR ENDED 31 DECEMBER 2021**

**11. Goodwill and other intangible assets**

<b>Group</b>	<b>Purchased goodwill £000's</b>	<b>Other intangible assets £000's</b>	<b>Total £000's</b>
<b>Cost</b>			
At 1 January 2020	18,033	9,953	27,986
Internally generated	-	172	172
Transfers	-	(190)	(190)
Disposals	-	(3)	(3)
<b>At 31 December 2020</b>	<b>18,033</b>	<b>9,932</b>	<b>27,965</b>
Transfers	-	(908)	(908)
<b>At 31 December 2021</b>	<b>18,033</b>	<b>9,024</b>	<b>27,057</b>
<b>Amortisation and impairment</b>			
At 1 January 2020	5,862	4,127	9,989
Amortisation	-	1,105	1,105
Impairment	156	-	156
Disposals	-	(3)	(3)
<b>At 31 December 2020</b>	<b>6,018</b>	<b>5,229</b>	<b>11,247</b>
Amortisation	-	(293)	(293)
Impairment	156	-	156
Transfers	-	(420)	(420)
<b>At 31 December 2021</b>	<b>6,174</b>	<b>4,516</b>	<b>10,690</b>
<b>Net book value</b>			
<b>Carrying amount at 31 December 2021</b>	<b>11,859</b>	<b>4,508</b>	<b>16,367</b>
<b>Carrying amount at 31 December 2020</b>	<b>12,015</b>	<b>4,703</b>	<b>16,718</b>

Goodwill has arisen from the excess of the cost of the Group's acquisitions over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities of the subsidiaries acquired.

Included in the carrying value of goodwill at 31 December 2021 is £779,000 relating to a fleet of tankers which were purchased from Bale Group Limited who formerly ran an outsourced fleet which was purchased in 2013. This balance has been held since this purchase and was identified by management as the saving the entity would make by bringing this service in-house. On 18 January 2019 the fleet of trucks was sold and the fleet function became outsourced. An impairment charge in the year of £156,000 (2020: £156,000) is included within administrative expenses in the statement of comprehensive income.

Transfers are to recognise certain assets in the correct category.

During the year it was determined that certain intangibles had been over amortised by £1.4 million. Amortisation for the year is inclusive of an adjustment to re-align amortisation.

The amortisation charge is included within administrative expenses in the statement of comprehensive income.

**TRADEBE ENVIRONMENTAL SERVICES LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**FOR THE YEAR ENDED 31 DECEMBER 2021**

**11. Goodwill and other intangible assets (continued)**

<b>Company</b>	<b>Other intangible assets £000's</b>	<b>Total £000's</b>
<b>Cost</b>		
At 1 January 2020	479	479
Additions	-	-
<b>At 31 December 2020</b>	<b>479</b>	<b>479</b>
Additions	-	-
<b>At 31 December 2021</b>	<b>479</b>	<b>479</b>
<b>Amortisation and impairment</b>		
At 1 January 2020	479	479
Amortisation	-	-
<b>At 31 December 2020</b>	<b>479</b>	<b>479</b>
Amortisation	-	-
<b>At 31 December 2021</b>	<b>479</b>	<b>479</b>
<b>Net book value</b>		
<b>Carrying amount at 31 December 2021</b>	<b>-</b>	<b>-</b>
<b>Carrying amount at 31 December 2020</b>	<b>-</b>	<b>-</b>

TRADEBE ENVIRONMENTAL SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

12. Property, plant and equipment

Group	Freehold land and buildings £000's	Leasehold land and buildings £000's	Plant and equipment £000's	Vehicle leases £000's	Construction in progress £000's	Total £000's
<b>Cost</b>						
At 1 January 2020	8,532	14,543	83,043	4,169	5,373	115,660
Additions – owned assets	231	-	4,488	-	1,598	6,317
Additions – right-of-use assets	-	4,225	324	2,383	-	6,932
Transfers	(284)	(484)	6,084	-	(5,316)	-
Transfer from intangible fixed assets	-	190	-	-	-	190
Disposals	(59)	(128)	(9,549)	(83)	(15)	(9,834)
<b>At 31 December 2020</b>	<b>8,420</b>	<b>18,346</b>	<b>84,390</b>	<b>6,469</b>	<b>1,640</b>	<b>119,265</b>
Additions – owned assets	269	-	4,134	-	1,990	6,393
Additions – right-of-use assets	-	129	190	914	-	1,233
Transfers	(2,337)	-	3,163	-	(826)	-
Transfer from intangible fixed assets	-	-	908	-	-	908
Disposals	(880)	(617)	(5,475)	(197)	(58)	(7,227)
<b>At 31 December 2021</b>	<b>5,472</b>	<b>17,858</b>	<b>87,310</b>	<b>7,186</b>	<b>2,746</b>	<b>120,572</b>

TRADEBE ENVIRONMENTAL SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

12. Property, plant and equipment (continued)

Group	Freehold land and buildings £000's	Leasehold land and buildings £000's	Plant and equipment £000's	Vehicle leases £000's	Construction in progress £000's	Total £000's
<b>Depreciation and impairment</b>						
At 1 January 2020	1,661	1,872	58,742	1,319	-	63,594
Depreciation	411	1,871	8,712	1,504	-	12,498
Transfers	(208)	(438)	646	-	-	-
Disposals	(14)	(133)	(7,274)	-	-	(7,421)
<b>At 31 December 2020</b>	<b>1,850</b>	<b>3,172</b>	<b>60,826</b>	<b>2,823</b>	<b>-</b>	<b>68,671</b>
Depreciation	116	1,778	7,341	1,273	-	10,508
Transfers	(1,479)	24	1,455	-	-	-
Transfer from intangible fixed assets	-	-	420	-	-	420
Disposals	(394)	(618)	(4,262)	(91)	-	(5,365)
<b>At 31 December 2021</b>	<b>93</b>	<b>4,356</b>	<b>65,780</b>	<b>4,005</b>	<b>-</b>	<b>74,234</b>
<b>Carrying amount at 31 December 2021</b>	<b>5,379</b>	<b>13,502</b>	<b>21,530</b>	<b>3,181</b>	<b>2,746</b>	<b>46,338</b>
<b>Carrying amount at 31 December 2020</b>	<b>6,570</b>	<b>15,174</b>	<b>23,564</b>	<b>3,646</b>	<b>1,640</b>	<b>50,594</b>

Transfers are to recognise certain assets in the correct category.

Included within disposals is the disposal of property, plant and equipment of Tradebe Healthcare National Limited, an indirectly owned subsidiary, that was scrapped as a result of the Bellshill fire.

Losses on disposal of £1,313,000 (2020: £850,000) are included within administrative expenses in the statement of comprehensive income.

The depreciation charge is included within administrative expenses in the statement of comprehensive income.

The plant and equipment at the Trade Fawley site was revalued in 2015 by Hickman Shearer, an independent valuer, on the basis of net current replacement cost.

The Company did not have any tangible fixed assets during the current or prior year.

**TRADEBE ENVIRONMENTAL SERVICES LIMITED****NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****FOR THE YEAR ENDED 31 DECEMBER 2021****12. Property, plant and equipment (continued)****Group**

If revalued assets were stated on an historical cost basis rather than a fair value basis, the total amounts included would have been as follows:

	<b>2021</b>	<b>2020</b>
	<b>£000's</b>	<b>£000's</b>
Cost	<b>4,378</b>	4,378
Accumulated depreciation	<b>(4,118)</b>	(3,982)
Carrying amount	<b>260</b>	396

Property, plant and equipment includes right-of-use assets, as follows:

**Right-of-use assets**

	<b>2021</b>	<b>2020</b>
	<b>£000's</b>	<b>£000's</b>
<b>Net values</b>		
Leasehold land and buildings	<b>12,465</b>	14,137
Plant and equipment	<b>1,032</b>	1,568
Vehicle leases	<b>3,181</b>	3,647
	<b>16,678</b>	19,352

**Depreciation charge for the year**

Leasehold land and buildings	<b>1,778</b>	1,845
Plant and equipment	<b>726</b>	1,532
Vehicle leases	<b>1,273</b>	1,504
	<b>3,777</b>	4,881

**13. Investments****Company**

	<b>2021</b>	<b>2020</b>
	<b>£000's</b>	<b>£000's</b>
Shares in group undertakings		
<b>Cost</b>		
At 1 January	<b>58,506</b>	58,506
Additions	<b>1,977</b>	-
<b>Carrying amount at 31 December</b>	<b>60,483</b>	58,506

On 23 July 2021, the Company increased its ownership of Scotoil Realisations Limited, a subsidiary, from 75% to 100% for consideration of £1,967,000. The impact of the increase in ownership is recognised directly in equity.

On 5 November 2021, 100% of the share capital of Tradebe Heysham Limited (formerly Tradebe Chemicals Limited) was acquired for consideration of £10,000. The consideration was equal to the book value of Tradebe Heysham Limited's assets.

**TRADEBE ENVIRONMENTAL SERVICES LIMITED**
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**
**FOR THE YEAR ENDED 31 DECEMBER 2021**
**13. Investments (continued)**

Set out below are details of the subsidiaries held by the Company:

<b>Name of subsidiary</b>	<b>Principal activity</b>	<b>Registered office address</b>	<b>Class of share capital</b>	<b>Proportion of ownership interests held by the Group at year end</b>
Tradebe Fawley Limited <sup>4</sup> Reg # 02786680	Provision of hazardous waste incineration and energy recovery	Atlas House, Third Avenue, Globe Park, Marlow, Buckinghamshire, SL7 1EY	£1 ordinary	100% (indirect)
Tradebe Solvent Recycling Limited Reg # 03890526	Provision of waste management, treatment and disposal services and the reclamation, sale and distribution of industrial solvents	Atlas House, Third Avenue, Globe Park, Marlow, Buckinghamshire, SL7 1EY	£1 ordinary	100% (direct)
Tradebe Healthcare (Holdings) Limited Reg # 08592599	Provision of corporate services to Healthcare group companies	Atlas House, Third Avenue, Globe Park, Marlow, Buckinghamshire, SL7 1EY	£1 ordinary	100% (direct)
Tradebe Healthcare Limited <sup>2</sup> Reg # 03376733	Provision of clinical waste management services	Atlas House, Third Avenue, Globe Park, Marlow, Buckinghamshire, SL7 1EY	£1 ordinary	100% (indirect)
Tradebe Healthcare (South West) Limited <sup>2</sup> Reg # SC302160	Provision of clinical waste management services	Davidson House, Miller Street, Aberdeen, Scotland, AB11 5AN	£1 ordinary	100% (indirect)
Tradebe Healthcare National Limited <sup>2</sup> Reg # 03882534	Provision of clinical waste management services	Atlas House, Third Avenue, Globe Park, Marlow, Buckinghamshire, SL7 1EY	£1 ordinary	100% (indirect)
Tradebe Gwent Limited Reg # 00171493	Provision of hazardous waste management services	Atlas House, Third Avenue, Globe Park, Marlow, Buckinghamshire, SL7 1EY	£1 ordinary	100% (direct)
Scotoil Realisations Limited Reg # SC370884	Provision of cleaning and disposal services to the oil industry	Davidson House, Miller Street, Aberdeen, AB11 5AN	£1 ordinary	100% (direct)
Scotoil Services Limited <sup>5</sup> Reg # SC077501	Provision of cleaning and disposal services to the oil industry	Davidson House, Miller Street, Aberdeen, AB11 5AN	£1 ordinary	100% (indirect)
Scotoil Services (Middle East) Limited <sup>6</sup> Reg # SC161337	Provision of cleaning and disposal services to the oil industry	Davidson House, Miller Street, Aberdeen, AB11 5AN	£1 ordinary	100% (indirect)

**TRADEBE ENVIRONMENTAL SERVICES LIMITED**
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**
**FOR THE YEAR ENDED 31 DECEMBER 2021**
**13. Investments (continued)**

<b>Name of subsidiary</b>	<b>Principal activity</b>	<b>Registered office address</b>	<b>Class of share capital</b>	<b>Proportion of ownership interests held by the Group at year end</b>
Tradebe Refinery Services Limited Reg # 02369873	Provision of tank cleaning and oily sludge processing services to the oil industry and the sale of associated equipment	Atlas House, Third Avenue, Globe Park, Marlow, Buckinghamshire, SL7 1EY	£1 ordinary	100% (direct)
Tradebe Minerals Recycling Limited <sup>1</sup> Reg # 05248409	Production of additives for use in the cement industry	Atlas House, Third Avenue, Globe Park, Marlow, Buckinghamshire, SL7 1EY	£1 ordinary	100% (indirect)
Tradebe North West Limited Reg # 04423011	Provision of hazardous waste management services	Atlas House, Third Avenue, Globe Park, Marlow, Buckinghamshire, SL7 1EY	£1 ordinary	100% (direct)
Tradebe Management Limited Reg # 04372081	Provision of corporate services to other UK group companies	Atlas House, Third Avenue, Globe Park, Marlow, Buckinghamshire, SL7 1EY	£1 ordinary	100% (direct)
Tradebe Dinnington Limited Reg # 02617757	Provision of hazardous waste management services	Atlas House, Third Avenue, Globe Park, Marlow, Buckinghamshire, SL7 1EY	£1 ordinary	100% (direct)
Tradebe UK Limited <sup>3</sup> Reg # 05018899	Dormant	Atlas House, Third Avenue, Globe Park, Marlow, Buckinghamshire, SL7 1EY	£1 ordinary	100% (indirect)
Polkacrest North West Limited <sup>3</sup> Reg # 02477171	Dormant	Atlas House, Third Avenue, Globe Park, Marlow, Buckinghamshire, SL7 1EY	£1 ordinary	100% (indirect)
Polkacrest Midlands Limited <sup>3</sup> Reg # 02808934	Dormant	Atlas House, Third Avenue, Globe Park, Marlow, Buckinghamshire, SL7 1EY	£1 ordinary	100% (indirect)
Tradebe Fawley Midco Limited Reg # 07688319	Dormant	Atlas House, Third Avenue, Globe Park, Marlow, Buckinghamshire, SL7 1EY	£1 ordinary	100% (direct)
Inutec Limited Reg # 04433890	Provision of specialist radioactive waste management	Atlas House, Third Avenue, Globe Park, Marlow, Buckinghamshire, SL7 1EY	£1 ordinary	100% (direct)
Hollywell Holdings Limited Reg # 05990239	Intermediary holding company	Atlas House, Third Avenue, Globe Park, Marlow, Buckinghamshire, England, SL7 1EY	£1 ordinary	100% (direct)

**TRADEBE ENVIRONMENTAL SERVICES LIMITED**
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**
**FOR THE YEAR ENDED 31 DECEMBER 2021**
**13. Investments (continued)**

<b>Name of subsidiary</b>	<b>Principal activity</b>	<b>Registered office address</b>	<b>Class of share capital</b>	<b>Proportion of ownership interests held by the Group at year end</b>
Labwaste Ltd <sup>8</sup> Reg # 05328880	Provision of hazardous waste disposal services	Atlas House, Third Avenue, Globe Park, Marlow, Buckinghamshire, England, SL7 1EY	£1 ordinary	100% (indirect)
Rechem Ltd <sup>8</sup> Reg # 07869616	Provision of refurbishment and remarketing of equipment and chemicals recovered from waste	Atlas House, Third Avenue, Globe Park, Marlow, Buckinghamshire, England, SL7 1EY	£1 ordinary	100% (indirect)
Avanti Environmental Holdings Limited Reg # 06532794	Intermediary holding company	Atlas House, Third Avenue, Globe Park, Marlow, Buckinghamshire, England, SL7 1EY	£1 ordinary	100% (direct)
Avanti Environmental Group Limited <sup>9</sup> Reg # 03476148	Provision of waste management, recycling, industrial services and material reprocessing	Atlas House, Third Avenue, Globe Park, Marlow, Buckinghamshire, England, SL7 1EY	£1 ordinary	100% (indirect)
Fourway Management Limited <sup>9</sup> Reg # 01624528	Dormant	Atlas House, Third Avenue, Globe Park, Marlow, Buckinghamshire, England, SL7 1EY	£1 ordinary	100% (indirect)
Tradebe Services LLC (incorporated in Oman)	Provision of waste management services to companies operating in the oil and gas sector in Oman	PO Box 713 PC 116 Mina Al Fahal. Office 510, Sama Center, Sayh Al Malih Street, Muscat, Muscat Governorate	1OMR ordinary	100% (direct)
Worldwide Environmental Services LLC	Primarily engaged in providing waste management services to companies operating in the oil and gas sector in Oman	Postal Code 123 North Aludhaybah Sultanate of Oman	1OMR ordinary	70% (direct)
Tradebe Heysham Limited (formerly Tradebe Chemicals Limited) Reg # 12007207	Provision of hazardous waste services	Atlas House, Third Avenue, Globe Park, Marlow, Buckinghamshire, SL7 1EY	£1 ordinary	100% (direct)

<sup>1</sup> Owned indirectly via Tradebe Solvent Recycling Limited

<sup>2</sup> Owned indirectly via Tradebe Healthcare (Holdings) Limited

<sup>3</sup> Owned indirectly via Tradebe Healthcare National Limited

<sup>4</sup> Owned indirectly via Tradebe Fawley Midco Limited

<sup>5</sup> Owned indirectly via Scotoil Realisations Limited

<sup>6</sup> Owned indirectly via Scotoil Services Limited

<sup>7</sup> Owned indirectly via Tradebe Refinery Services Limited

<sup>8</sup> Owned indirectly via Hollywell Holdings Limited

<sup>9</sup> Owned indirectly via Avanti Environmental Holdings Limited

## TRADEBE ENVIRONMENTAL SERVICES LIMITED

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

#### FOR THE YEAR ENDED 31 DECEMBER 2021

##### 13. Investments (continued)

No disclosures of the net assets and performance of the non 100% held entities are given as they are held by the wider group or are immaterial. The non-controlling interest related to Tradebe Services LLC in Oman and Scotoil Realisations Limited. The Group holds a 70% interest in Tradebe Services LLC so 30% is held by non-controlling parties, although the Group's economic interest is 99.98%. The profit attributable to non-controlling interests is £nil (2020: £2,543,000) and the cumulative position amounts to £nil (2020: £3,100,000). Tradebe Services LLC made a loss after tax of £77,000 (2020: profit of £2,203,000), has net assets of £333,000 (2020: £2,054,000) and had net cash outflows of £1,644k (2020: net cash inflows of £4k). Dividends of £nil were paid to non-controlling interests (2020: £2,750,000) during the reporting period.

On 23 July 2021, the Company increased its ownership of Scotoil Realisations Limited, a subsidiary, from 75% to 100% for consideration of £1,967,000. The impact of the increase in ownership is recognised directly in equity.

A parental guarantee is being provided by this Company to certain subsidiary companies claiming the exemption from audit under section 479A of the Companies Act 2006. These are:

Tradebe Management Limited Reg # 04372081	Tradebe Refinery Services Limited Reg # 02369873
Tradebe North West Limited Reg # 04423011	Tradebe Fawley Limited Reg # 02786680
Tradebe Dinnington Limited Reg # 02617757	Tradebe Solvent Recycling Limited Reg # 03890526
Tradebe Minerals Recycling Limited Reg # 05248409	Tradebe Healthcare (Holdings) Limited Reg # 08592599
Tradebe Healthcare National Limited Reg # 03882534	Tradebe Healthcare Limited Reg # 03376733
Scotoil Services Limited Reg # SC077501	Tradebe Healthcare (South West) Limited Reg # SC302160
Avanti Environmental Group Limited Reg # 03476148	Avanti Environmental Holdings Limited Reg # 06532794
Hollywell Holdings Limited Reg # 05990239	Rechem Ltd Reg # 07869616
Inutec Limited Reg # 04433890	Tradebe Fawley Midco Limited Reg # 07688319
Fourway Management Limited Reg # 01624528	Scotoil Realisations Limited Reg # SC370884
Labwaste Ltd Reg # 05328880	Tradebe Gwent Limited Reg # 00171493
Tradebe Heysham Limited Reg # 12007207	

Dormant subsidiary companies claiming the exemption from audit under section 480 of the Companies Act 2006 are:

Polkacrest Midlands Limited Reg # 02808934	Polkacrest North West Limited Reg # 02477171
Tradebe Chemicals Limited Reg # 12007207	Scotoil Services (Middle East) Ltd Reg # SC161337
Tradebe UK Limited Reg # 05018899	

##### 14. Inventories

Inventories consist of the following:

Group	2021 £000's	2020 £000's
Raw materials	120	231
Spare parts	633	800
Finished goods	3,672	3,337
	<b>4,425</b>	<b>4,368</b>

The cost of inventories recognised as an expense during the year in respect of continuing operations was £9,413,000 (2020: £6,450,000). No impairment of inventories has been recognised (2020: £nil).

**TRADEBE ENVIRONMENTAL SERVICES LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**FOR THE YEAR ENDED 31 DECEMBER 2021**

**15. Trade and other receivables**

Trade and other receivables consist of the following:

	<b>Group 2021 £000's</b>	<b>Group 2020 £000's</b>	<b>Company 2021 £000's</b>	<b>Company 2020 £000's</b>
Trade receivables	<b>21,241</b>	25,222	<b>84</b>	116
Less: allowance for expected credit losses	<b>(47)</b>	(219)	-	-
	<b>21,194</b>	25,003	<b>84</b>	116
Contract assets	<b>6,941</b>	6,323	-	-
Other receivables	<b>4,212</b>	4,346	<b>8</b>	241
<b>Financial assets</b>	<b>32,347</b>	35,672	<b>92</b>	357
Prepayments	<b>2,701</b>	1,791	-	-
<b>Non-financial assets</b>	<b>2,701</b>	1,791	-	-
<b>Total</b>	<b>35,048</b>	37,463	<b>92</b>	357

Included in other receivables are anticipated amounts receivable in relation to the property damage and business interruption claims following the fire at the Bellshill site for Tradebe Healthcare National Limited, an indirectly owned subsidiary.

Trade receivables are measured initially at fair value and subsequently held at amortised cost less an allowance for expected credit losses. Provisions for impairment represent an allowance for doubtful debts that is estimated, based upon current observable data and historical trends.

The Group has applied the simplified approach to measuring expected credit losses, which uses a lifetime expected loss allowance. To measure the expected credit losses, trade receivables have been grouped based on days overdue.

Standard credit terms are 30 days from the date the invoice was issued.

The allowance for expected credit losses assessment requires a degree of estimation and judgement. It is based on a combination of factors, including the group's historical loss experience and any anticipated effects related to current economic conditions, as well as management knowledge of the current composition of trade receivables. Trade receivables that management believe to be ultimately not collectible are written off upon such determination. The Group defines default of customer receivable balances as any amounts outside of the contractual repayment terms.

Group and Company trade receivables are denominated in GBP. The carrying value of trade and other receivables in the Group and Company is consistent with fair value in the current and prior year.

The other classes of assets within trade and other receivables are denominated in GBP and do not contain impaired assets.

**TRADEBE ENVIRONMENTAL SERVICES LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**FOR THE YEAR ENDED 31 DECEMBER 2021**

**15. Trade and other receivables (continued)**

The ageing and credit risk relating to trade receivables and contract assets is analysed as follows:

	<b>Group 2021 £000's</b>	<b>Group 2020 £000's</b>	<b>Company 2021 £000's</b>	<b>Company 2020 £000's</b>
30 days or less	17,693	20,920	-	-
31 to 180 days	9,649	10,265	-	-
More than 180 days	840	360	84	116
Impairment provision	(47)	(219)	-	-
	<b>28,135</b>	<b>31,326</b>	<b>84</b>	<b>116</b>

(a) Contracts with customers

Impairment losses on receivables arising from contracts with customers were £47,000 (2020: £219,000) which have been recognised within administrative expenses in the statement of comprehensive income.

(b) Contract balances

	<b>31 December 2021 £000's</b>	<b>31 December 2020 £000's</b>
Receivables included within 'Trade and other receivables'	21,241	25,222
Contract assets	6,941	6,323
Contract liabilities	<b>(1,355)</b>	<b>(1,612)</b>

Contract assets predominantly relate to fulfilled obligations which are billed monthly in arrears. At the point where completed work is invoiced, the contract asset is derecognised, and a corresponding receivable recognised. Contract assets are shown within trade receivables on the statement of financial position.

Contract liabilities relate to consideration received from customers in advance of the performance obligation being satisfied. Contract liabilities are shown within trade and other payables on the statement of financial position.

The significant changes in contract assets and contract liabilities are presented below:

	<b>2021 £000's Contract assets</b>	<b>2021 £000's Contract liabilities</b>	<b>2020 £000's Contract assets</b>	<b>2020 £000's Contract liabilities</b>
Revenue recognised in the year that was included in the opening contract liability balance	-	362	-	517
Cash received, excluding amounts recognised as revenue in the period	-	<b>1,375</b>	-	<b>1,695</b>

**TRADEBE ENVIRONMENTAL SERVICES LIMITED****NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****FOR THE YEAR ENDED 31 DECEMBER 2021****15. Trade and other receivables (continued)**

(c) Transaction price allocated to the remaining performance obligations

The following table shows the aggregate amount of revenue allocated to performance obligations that are unsatisfied or partly unsatisfied at the year end and when that revenue is expected to be recognised.

	<b>2022</b>	<b>2023</b>	<b>2024</b>	<b>2025</b>	<b>2026</b>	<b>Total</b>
	<b>£000's</b>	<b>£000's</b>	<b>£000's</b>	<b>£000's</b>	<b>£000's</b>	<b>£000's</b>
Nuclear waste management	1,091	149	98	-	-	1,338
	<b>1,091</b>	<b>149</b>	<b>98</b>	<b>-</b>	<b>-</b>	<b>1,338</b>

All consideration from contracts with customers is included in the analysis above.

Obligations in respect of monthly recurring revenue will be partly satisfied monthly until there exists no further obligation to provide services to the customer.

Obligations in respect of provision of workstation equipment which will be satisfied by provision of the equipment evenly over the length of the agreement.

(d) Contract costs

The Group does not have any costs of obtaining or costs of fulfilling a contract that meet the criteria for capitalisation under IFRS 15.

e) Obligations for returns, refunds and other similar obligations was £nil (2020: £nil)

f) There are no warranties and related obligations for the year.

**16. Cash and cash equivalents**

	<b>Group</b>	<b>Group</b>	<b>Company</b>	<b>Company</b>
	<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>
	<b>£000's</b>	<b>£000's</b>	<b>£000's</b>	<b>£000's</b>
Cash at bank and in hand	<b>19,062</b>	21,841	<b>228</b>	122

**TRADEBE ENVIRONMENTAL SERVICES LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**FOR THE YEAR ENDED 31 DECEMBER 2021**

**17. Borrowings**

	<b>Group 2021 £000's</b>	<b>Group 2020 £000's</b>	<b>Company 2021 £000's</b>	<b>Company 2020 £000's</b>
Bank loans	<b>180,507</b>	195,995	-	-
Derivative financial instruments	<b>1,922</b>	4,036	-	-
Other debt	<b>14</b>	11	-	-
	<b>182,443</b>	200,042	-	-

	<b>Group 2021 £000's</b>	<b>Group 2020 £000's</b>	<b>Company 2021 £000's</b>	<b>Company 2020 £000's</b>
Borrowings are split:				
Non-current	<b>145,036</b>	188,275	-	-
Current	<b>37,407</b>	11,767	-	-
	<b>182,443</b>	200,042	-	-

Other debt has been disaggregated into derivative financial instruments and other debt. Derivative financial instruments were included within other debt in the prior year.

The Group has (together with certain other companies owned by Grupo Tradebe Medio Ambiente, S.L. ("GTMA") or its associated companies) entered into a composite guarantee in favour of Banco Bilbao Vizcaya Argentaria SA (as security agent for itself and a syndicate of Spanish and International banks) as security for the current and future bank borrowings of Tradebe Management Limited, a subsidiary undertaking, to Banco Bilbao Vizcaya Argentaria SA and a syndicate of banks.

On December 13, 2018 the Company GTMA and its main group companies, through the Company Tradebe Management Limited, signed a new amend and extent of its syndicated bank debt facility (A&E2018). Said A&E2018 increases gross debt with the inclusion of a new Tranche C for CAPEX and acquisition (c. 100 million euros), improving financial covenants and extending the current amortization schedule.

The new financing facility maintains Tranche A1 amounting to 95 million euros and Tranche A2 amounting to 107.37 million US dollars with increasing amortization and maturity in 2024, as well as the multi-currency Tranche RCF (EUR/GBP/USD) amounting to up to 65 million euros maturing in 2024, and adds Tranche C1 amounting to 50 million euros and Tranche C2 amounting to 57.5 million US dollars for investments in CAPEX and acquisitions, amortizable and maturing in 2024.

In 2020 and 2021 there has been no amendments to the syndicated bank debt facility nor to the associated interest hedge swaps.

The associated costs of raising debt are being amortised over the term of the loan. The outstanding amount of the deferred interests as of 31 December 2021 was £1,719,000 (2020: £2,301,000).

The Group amended the previous interest hedging contract in 2018 to an interest hedge swap for 60% of tranche A1 and 50% of tranche A2 to manage interest rate risk on firm future commitments. The fair values of the derivatives held at 31 December 2021, determined by reference to their market values, were a liability of £1,922,000 (2020: £4,036,000), recognised within non-current borrowings in the statement of financial position.

**TRADEBE ENVIRONMENTAL SERVICES LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**FOR THE YEAR ENDED 31 DECEMBER 2021**

**18. Trade and other payables**

Trade and other payables consist of the following:

	<b>Group</b>	<b>Group</b>	<b>Company</b>	<b>Company</b>
	<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>
	<b>£000's</b>	<b>£000's</b>	<b>£000's</b>	<b>£000's</b>
<b>Current</b>				
Trade payables	<b>26,811</b>	29,165	-	-
Contract liabilities	<b>1,355</b>	1,617	-	-
Other creditors	<b>6,994</b>	8,069	<b>19</b>	19
	<b>35,160</b>	38,851	<b>19</b>	19

Trade and other payables are measured at amortised cost.

Trade payables and accruals principally comprise amounts outstanding for trade purchases and ongoing costs. The average credit period taken for trade purchases is 80 days (2020: 77 days). Suppliers do not charge the Group interest on overdue amounts. The Group has financial risk management policies in place to ensure that all payables are paid within the pre-agreed credit terms.

Group trade payables are denominated in GBP. The carrying value of trade and other payables in the Group is consistent with fair value in the current and prior year.

The Group has (together with certain other companies owned by Grupo Tradebe Medio Ambiente, S.L. and its associated companies) entered into a composite guarantee in favour of Banco Bilbao Vizcaya Argentaria SA (as security agent for itself and a syndicate of Spanish banks) as security for the current and future bank borrowings of Tradebe Management Limited (a subsidiary undertaking of Tradebe Environmental Services Limited, the UK parent undertaking) to Banco Bilbao Vizcaya Argentaria SA and a syndicate of Spanish banks. As at 31 December 2021 the loan was at £180.5 million (2020: £196.0 million).

**TRADEBE ENVIRONMENTAL SERVICES LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**FOR THE YEAR ENDED 31 DECEMBER 2021**

**19. Lease liabilities**

Lease liabilities are classified based on the amounts that are expected to be settled within the next 12 months and after more than 12 months from the reporting date, as follows:

	2021 £000's	2020 £000's
Current liabilities	3,491	3,904
Non-current liabilities	12,918	14,977
<b>Total</b>	<b>16,409</b>	<b>18,881</b>

	2021 £000's	2020 £000's
Amounts recognised in profit or loss include the following:		
Interest on lease liabilities	719	852
Expenses relating to short-term and low-value leases	4,283	3,600

*Maturity analysis of lease liabilities*

The maturity of the gross contractual undiscounted cash flows due on the Group's lease liabilities is set out below based on the period between 31 December and the contractual maturity date.

	Within 6 months	6 months - 1 year	1 to 5 years	Over 5 years	Total At 31 December 2021 £'000
	£'000	£'000	£'000	£'000	£'000
Machinery leases	308	249	521	258	1,336
Property leases	875	849	5,568	11,347	18,639
Vehicle leases	655	604	2,234	-	3,493
	<b>1,838</b>	<b>1,702</b>	<b>8,323</b>	<b>11,605</b>	<b>23,468</b>

	Within 6 months	6 months - 1 year	1 to 5 years	Over 5 years	Total At 31 December 2020 £'000
	£'000	£'000	£'000	£'000	£'000
Machinery leases	385	322	912	311	1,930
Property leases	884	874	6,049	12,488	20,295
Vehicle leases	686	635	2,696	-	4,017
	<b>1,955</b>	<b>1,831</b>	<b>9,657</b>	<b>12,799</b>	<b>26,242</b>

The fair value of the Group's lease obligations is approximately equal to their carrying amount.

**TRADEBE ENVIRONMENTAL SERVICES LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**FOR THE YEAR ENDED 31 DECEMBER 2021**

**20. Provisions for liabilities**

	<b>Group 2021 £000's</b>	<b>Group 2020 £000's</b>	<b>Company 2021 £000's</b>	<b>Company 2020 £000's</b>
Non-current	<b>773</b>	629	-	-
	<b>773</b>	629	-	-

**Movements on provisions:**

	<b>Decommissioning provision £'000s</b>	<b>Dismantling provision £000's</b>	<b>Incentive provision £'000s</b>	<b>Other provisions £000's</b>	<b>Total £000's</b>
<b>Group</b>					
At 1 January 2021	224	9	380	16	629
Additional provisions in the year	-	-	153	-	153
Utilisation of provision	-	(9)	-	-	(9)
<b>At 31 December 2021</b>	<b>224</b>	<b>-</b>	<b>533</b>	<b>16</b>	<b>773</b>

**Decommissioning provision**

The decommissioning provision relates to the disposal of waste items, which is expected to be utilised in 2022. There are no uncertainties regarding the amount or timing of these outflows.

**Dismantling provision**

The dismantling provision relates to the dismantling and site restoration costs required to be incurred upon completion of certain contracts, which was utilised in 2021. There are no uncertainties regarding the amount or timing of these outflows.

**Incentive provision**

The incentive provision relates to employee incentives for completing specific targets, which is expected to be utilised by 2022. There are no uncertainties regarding the amount or timing of these outflows.

**Other provisions**

Other provisions relate to the cost of sale disposal for waste items from past projects where no further project funding is available. The provision is expected to be utilised in 2022.

**TRADEBE ENVIRONMENTAL SERVICES LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**FOR THE YEAR ENDED 31 DECEMBER 2021**

**21. Deferred tax**

Movements in deferred tax:

<b>Group</b>	<b>2021 £000's</b>	<b>2020 £000's</b>
At 1 January	<b>3,948</b>	3,636
Charge to profit or loss	<b>303</b>	108
(Credit)/charge to other comprehensive income	<b>(267)</b>	204
<b>At 31 December</b>	<b>3,984</b>	3,948

Deferred taxes arising from temporary differences and unused tax losses are summarised as follows:

<b>Group</b>	<b>Liabilities</b>		<b>Assets</b>	
	<b>2021 £000's</b>	<b>2020 £000's</b>	<b>2021 £000's</b>	<b>2020 £000's</b>
Capital allowances carried forward	-	-	<b>4,216</b>	3,637
Short term timing differences	-	-	<b>459</b>	524
Other	<b>(691)</b>	(292)	-	66
Balance of deferred tax at end of year	<b>(691)</b>	(292)	<b>4,675</b>	4,227

Unprovided deferred tax assets with a tax value of approximately £4,009,000 (2020: £6,175,000) in respect of losses incurred exist within the Group. There is no recognition due to uncertainty as to their recoverability in those entities where losses exist.

The Company has a deferred tax asset of £36,000 (2020: £34,000) relating to capital allowances.

**22. Share capital**

Allotted, issued and fully paid share capital:

	<b>2021 Number</b>	<b>2021 £000's</b>	<b>2020 Number</b>	<b>2020 £000's</b>
Ordinary shares of £0.01 each				
At 1 January and 31 December	<b>4,153,976,792</b>	<b>41,540</b>	4,153,976,792	41,540

The Company's ordinary shares, which carry no right to fixed income, each carry the right to one vote at general meetings of the Company.

## TRADEBE ENVIRONMENTAL SERVICES LIMITED

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

#### FOR THE YEAR ENDED 31 DECEMBER 2021

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#### 23. Reserves

##### *Revaluation reserve*

This represents the excess of the fair value of the asset over historical cost.

##### *Hedging reserve*

Gains and losses arising on fixed to floating interest rate swaps which have been designated as hedges for hedge accounting purposes.

##### *Retained earnings*

Retained earnings includes all current and prior period retained profits. All transactions with owners of the parent are recorded separately within equity. Dividend distributions payable to equity shareholders are included in other liabilities when the dividends have been approved in a general meeting prior to the reporting date.

##### *Foreign exchange reserve*

Amounts arising as a result of translating overseas operations' financial statement items from their functional currency into the Group's presentational currency.

##### *Merger reserve*

Representing the difference in consideration paid and net assets consolidated as a result of a Group restructure.

##### *Non-distributable reserve*

On 4 July 2011 the Company sold 100% of the share capital of Tradebe Fawley Limited to a third party (Tradebe Fawley Midco Limited). On 7 July 2011 the company acquired 100% of the share capital of Tradebe Fawley Midco Limited from a third party (Pyros Environmental Limited in Administration). The gain on disposal of these shares has been credited to a non-distributable reserve until such time and extent that the accompanying receivable in the Company's balance sheet is settled and the underlying investment in Tradebe Fawley Limited is no longer controlled by the group.

#### 24. Dividends

Dividends paid during the financial year were as follows:

	2021 £000's	2020 £000's
Final dividend paid of £nil (2020: £304.19)	-	2,750
	-	2,750

A final dividend of £nil (2020: £2,750,000) was paid during the financial year to Limpiezas del Nervion, S.A., a minority shareholder of Scotoil Realisations Limited, a subsidiary of the Company.

## TRADEBE ENVIRONMENTAL SERVICES LIMITED

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

#### FOR THE YEAR ENDED 31 DECEMBER 2021

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##### 25. Financial instruments

Financial instruments are initially measured at fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

##### Financial risk management and management of capital

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern, to provide returns to shareholders, and reduce the cost of capital.

The principal financial instruments held or issued by the Group are:

- Trade and other receivables – The balance primarily represents invoiced and uninvoiced amounts in respect of serviced provided to customers, for which payment has not yet been received.
- Cash and cash equivalents – The Group manages its cash resources in order to meet daily working capital requirements.
- Trade and other payables – The balance primarily represents trade payables and accruals in respect of services received from suppliers, for which payment has not yet been made.
- Borrowings – The balance primarily represents bank borrowings.

##### Risk management objectives and policies

The Group is exposed to various risks in relation to financial instruments. The Group's financial assets and liabilities by category are summarised below. The main types of risks are market risk, credit risk and liquidity risk. The Group's risk management is coordinated at its headquarters, in close cooperation with the board of directors, and focuses on actively securing the Group's short to medium-term cash flows by minimising the exposure to volatile financial markets. Long-term financial investments are managed to generate lasting returns.

The Group does not actively engage in the trading of financial assets for speculative purposes nor does it write options. The most significant financial risks to which the Group is exposed are described below.

##### Market risk analysis

The Group is exposed to market risk through its use of financial instruments and specifically to currency risk, interest rate risk and certain other price risks, which result from both its operating and investing activities.

##### Foreign currency sensitivity

The Group trades predominantly in GBP and therefore has limited foreign currency exposure on trade payables and receivables. The Group bank loan residing in Tradebe Management Limited is denominated in Euro and as such the Group is exposed to movements in foreign currency rates. However, a natural hedge exists due to the wider Tradebe Group operations residing in Europe and the US.

##### Interest rate sensitivity

The Group's debt is based on a margin over EURIBOR. In order to mitigate interest rate risk on the group loan an interest rate swap has been used to manage the exposure to any sudden increases in EURIBOR. See note 26 for details.

**TRADEBE ENVIRONMENTAL SERVICES LIMITED****NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****FOR THE YEAR ENDED 31 DECEMBER 2021****25. Financial instruments (continued)****Liquidity risk**

Liquidity risk is that the Group might not be able to meet its obligations as they fall due. The Group seeks to manage liquidity risk by ensuring sufficient liquidity is available to meet foreseeable needs and to invest cash assets safely and profitably. The Group meets its day to day working capital requirements through free cash flow.

Based upon cash flow projections, the Group considers the existing financing facilities sufficient to meet its short term commitments.

The Group considers expected cash flows from financial assets in assessing and managing liquidity risk, in particular its cash resources and trade receivables. The Group's existing trade receivables and cash resources (see notes 15 and 16) significantly exceed the current cash outflow requirements. Cash flows from trade and other receivables are all contractually due within six months.

As at 31 December 2021, the Group's non-derivative financial liabilities have contractual maturities (including interest payments where applicable) as summarised below:

	<b>Within 6 months £000's</b>	<b>Current 6-12 months £000's</b>	<b>Non-current 1-5 years £000's</b>	<b>Later than 5 years £000's</b>
Bank loans	-	37,937	144,176	-
Trade and other payables	34,084	-	-	-
	<b>34,084</b>	<b>37,937</b>	<b>144,176</b>	<b>-</b>

**Credit risk**

Credit risk is the risk that a counterparty fails to discharge an obligation to the Group. In the normal course of its business, the Group incurs credit risk from cash and trade receivables. The Group has a credit policy that is used to manage this exposure to credit risk. The Group's financial instruments do not have significant concentration of risk with any single party.

The Group's maximum exposure to credit risk is limited to the carrying amount of financial assets recognised at 31 December, as summarised below:

	<b>2021 £000's</b>	<b>2020 £000's</b>
Classes of financial assets – carrying amounts:		
Cash and cash equivalents	19,062	21,841
Trade and other receivables	32,347	35,672
	<b>51,409</b>	<b>57,513</b>

The Group continuously monitors defaults of customers and other counterparties, identified either individually or by the Group, and incorporates this information into its credit risk controls. Where available at reasonable cost, external credit ratings and/or reports on customers and other counterparties are obtained and used. The Group's policy is to deal only with creditworthy counterparties.

The Group's management considers that all of the above financial assets that are not impaired or past due for each of the 31 December reporting dates under review are of good credit quality.

At 31 December 2021 the Group has certain trade receivables that have not been settled by the contractual due date but are not considered to be impaired. The ageing and credit risk relating to trade receivables is analysed in note 15.

# TRADEBE ENVIRONMENTAL SERVICES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

### 25. Financial instruments (continued)

#### Credit risk (continued)

In respect of trade and other receivables, the Group is not exposed to any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics. Trade receivables consist of a large number of customers in various industries and geographical areas. Based on historical information about customer default rates management considers the credit quality of trade receivables that are not past due or impaired to be good.

The credit risk for cash and cash equivalents is considered negligible, since the counterparties are reputable banks with high quality external credit ratings.

The Group maintains a provision for impairment against those customers being unable to make required payments. This provision takes into account known commercial factors impacting specific customer accounts, as well as the overall profile of the Group's receivables portfolio. In assessing the provision, factors such as past collection history, the age of receivable balances, the level of activity in customer accounts, as well as general macro-economic trends, are taken into account. Significant changes in these factors would likely necessitate changes in the doubtful debts provision. At present, however, the Group considers the current level of its allowance for doubtful accounts to be adequate to cover expected credit losses on trade receivables.

#### Foreign currency risk

Exposures to foreign exchange rates vary during the year depending on the volume of overseas transactions. At the date of this report the overseas transactions represent only a small proportion of the Group's overall activity and therefore exposure to fluctuations in foreign currencies is not considered significant to the Group.

#### Financial assets and liabilities

The IFRS 9 categories of financial assets and liabilities included in the Group statement of financial position are as follows:

31 December 2021	Fair value through profit and loss £000's	Fair value through other comprehensive income £000's	Amortised cost £000's	Total £000's
<i>Non-current assets</i>				
Amounts owed by group companies	-	-	135,787	135,787
<i>Current assets</i>				
Cash and cash equivalents	-	-	19,062	19,062
Trade receivables	-	-	21,194	21,194
Contract assets	-	-	6,941	6,941
Amounts owed by group companies	-	-	11	11
Other receivables	-	-	4,212	4,212
<i>Non-current liabilities</i>				
Borrowings	955	967	143,114	145,036
<i>Current liabilities</i>				
Borrowings	-	-	37,407	37,407
Trade payables	-	-	26,811	26,811
Other creditors	-	-	6,994	6,994
Accruals	-	-	1,335	1,335

**TRADEBE ENVIRONMENTAL SERVICES LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**FOR THE YEAR ENDED 31 DECEMBER 2021**

**25. Financial instruments (continued)**

<b>31 December 2020</b>	<b>Fair value through profit and loss £000's</b>	<b>Fair value through other comprehensive income £000's</b>	<b>Amortised cost £000's</b>	<b>Total £000's</b>
<i>Non-current assets</i>				
Amounts owed by group companies	-	-	143,007	143,007
<i>Current assets</i>				
Cash and cash equivalents	-	-	21,841	21,841
Trade receivables	-	-	20,158	20,158
Contract assets	-	-	6,941	6,941
Amounts owed by group companies	-	-	1,961	1,961
Other receivables	-	-	4,346	4,346
<i>Non-current liabilities</i>				
Borrowings	1,666	2,370	186,609	188,275
<i>Current liabilities</i>				
Borrowings	-	-	11,767	11,767
Trade payables	-	-	29,165	29,165
Amounts owed to group companies	-	-	2,573	2,573
Other creditors	-	-	8,069	8,069

**TRADEBE ENVIRONMENTAL SERVICES LIMITED****NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****FOR THE YEAR ENDED 31 DECEMBER 2021****26. Fair value measurement of financial instruments**

Financial assets and financial liabilities measured at fair value in the statement of financial position are grouped into three levels of a fair value hierarchy. The three levels are defined based on the observability of significant inputs to the measurement, as follows:

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities

Level 2: inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly

Level 3: unobservable inputs for the asset or liability.

The following table shows the levels within the hierarchy of financial assets and liabilities measured at fair value on a recurring basis at 31 December 2021, 31 December 2020, and 1 January 2020:

	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
	<b>£000's</b>	<b>£000's</b>	<b>£000's</b>	<b>£000's</b>
<b>31 December 2021</b>				
<i>Financial liabilities</i>				
Interest rate swap	-	1,922	-	1,922
	<b>-</b>	<b>1,922</b>	<b>-</b>	<b>1,922</b>
<b>31 December 2020</b>				
<i>Financial liabilities</i>				
Interest rate swap	-	4,036	-	4,036
	<b>-</b>	<b>4,036</b>	<b>-</b>	<b>4,036</b>
<b>1 January 2020</b>				
<i>Financial liabilities</i>				
Interest rate swap	-	2,863	-	2,863
	<b>-</b>	<b>2,863</b>	<b>-</b>	<b>2,863</b>

**Measurement of fair value of financial instruments**

The Group's finance team performs valuations of financial items for financial reporting purposes, including level 3 fair values, in consultation with third party valuation specialists for complex valuations. Valuation techniques are selected based on the characteristics of each instrument, with the overall objective of maximising the use of market-based information. The finance team reports directly to the Chief Financial Officer (CFO). Valuation processes and fair value changes are discussed among the audit committee and the valuation team at least every year, in line with the Group's reporting dates.

**Interest rate swap**

The Group purchased an interest rate swap to manage interest rate risk on firm future commitments. The fair values of the derivative held at 31 December 2021, determined by reference to their market values, was a liability of £1,922,000 (2020: £4,036,000), recognised within non-current borrowings in the statement of financial position.

Details of the Group's risk management is included in note 25 of these financial statements. Tradebe Management Limited (hereinafter, "Tradebe" or the "entity"), whose functional currency is GBP, maintains a borrowing linked to a floating interest rate (USD LIBOR). The hedging objective is to reduce the exposure to variations in the future interest payments due to movements in the floating interest rate (USD LIBOR). The entity has entered into various float-to-fixed Interest Rate Swap ("IRS") transactions denominated in USD to mitigate the interest rate risk described. The hedging relationship was formally designated on 1 January 2019.

The cessation of USD LIBOR is expected in June 2023.

## TRADEBE ENVIRONMENTAL SERVICES LIMITED

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

#### FOR THE YEAR ENDED 31 DECEMBER 2021

##### 26. Fair value measurement of financial instruments (continued)

In order to assess the existence of an economic relationship, the Group have performed a "Critical Terms Match" ("CTM") assessment between the hedging instruments and the hedged item. In this sense, the Group have verified that the economic terms of the hedging instrument match the economic terms of the hedged item. Additionally, for each interest period, we have verified that the aggregate notional amount of the hedging instruments hedged item to ensure that there is no over-hedging.

Based on the results of the CTM, it was concluded that there is substantial coincidence and, therefore, an "economic relationship" between the main terms of the hedged item and the hedging instrument. However, the following sources of ineffectiveness were identified and assessed:

- **Fixing date:** In the hedged item, the fixing of the floating rate takes place two business days before the beginning of the interest period. However, in three (out of the nine) IRS the fixing date is established the first day of the interest period. Given that the difference in the fixing days between the hedged item and three hedging instruments is immaterial (2 working days difference), the effect of this source of ineffectiveness is considered irrelevant.
- **Floor option:** The USD loan (hedged item) contains an embedded derivative (a 0% floor option on the USD LIBOR 1M). However, none of the hedging instruments contain an embedded derivative. In case the reference interest rate curve (USD LIBOR 1M) would be below 0% (i.e. if the 0% floor would be in the money), this mismatch between the hedged item and the hedging instrument would be a source of ineffectiveness that should be quantified. However, as long as the interest rate curve remains positive during the entire life of the hedging instrument, the hedge relationship is expected to be highly effective. As of designation date (1st January 2019), it was verified that the USD LIBOR 1M curve is positive until the derivatives maturity date: 13 December 2024. Therefore, it was concluded that this is not a significant source of ineffectiveness.

The hedged instruments is impacted by credit risk while the hedged item is not. Therefore to assess the impact of the credit risk on the hedged instrument, management has considered the credit worthiness of the counterparties to the IRS and the Group's own credit risk. Based on management's assessment, both the creditworthiness of the derivatives counterparties and the Group is in good condition and therefore it is expected that prospectively credit risk does not dominate the changes in fair value of the hedging instrument and the hedged item. With the matching of the critical terms, it has been established that the hedge ratio is 1:1.

The fair values of the derivative held at 31 December 2021 to which the cash flow hedge applies, determined by reference to their market values, was a liability of £1,922,000 (2020: £4,036,000), recognised within non-current borrowings in the statement of financial position.

Hedge ineffectiveness in the year of £nil (2020: £220,000) has been recognised within administrative expenses in the statement of comprehensive income. Hedging gains in the year of £1,137,000 (2020: losses of £893,000) net of tax have been recognised in other comprehensive income. The balance in the hedging reserve at 31 December 2021 was a loss of £809,000 (2020: loss of £1,946,000).

The movement in the cash flow hedge reserve at 31 December is summarised below:

	2021 £000's	2020 £000's
Cash flow hedge reserve		
Balance at 1 January	(1,946)	(1,053)
Changes in fair value recognised directly in other comprehensive income	1,404	(1,097)
Tax relating to other comprehensive income	(267)	204
Balance at 31 December	(809)	(1,946)

**TRADEBE ENVIRONMENTAL SERVICES LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**FOR THE YEAR ENDED 31 DECEMBER 2021**

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**27. Capital management policies and procedures**

The Group's capital management objectives are:

- to ensure the Group's ability to continue as a going concern; and
- to provide an adequate return to shareholders.

The Group monitors capital on the basis of the carrying amount of equity, less cash and cash equivalents as presented on the face of the statement of financial position.

Management assesses the Group's capital requirements in order to maintain an efficient overall financing structure while avoiding excessive leverage. This takes into account the subordination levels of the Group's various classes of debt. The Group manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares, or sell assets to reduce debt.

**TRADEBE ENVIRONMENTAL SERVICES LIMITED****NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****FOR THE YEAR ENDED 31 DECEMBER 2021****28. Retirement benefit obligations**

The Group operates a defined contribution pension scheme. The Group had £331,000 (2020: £nil) outstanding contributions at 31 December 2021. The charge recognised within administrative expenses in the statement of comprehensive income was £1,197,000 (2020: £1,255,000).

The Group provides a defined benefit scheme for certain employees and former employees of Tradebe Solvent Recycling Limited, a subsidiary Company. Full details and disclosures of this scheme's assets, liabilities and actuarial valuation are given in the financial statements of Tradebe Solvent Recycling Limited.

The most recent formal actuarial valuation of the Tradebe Solvent Recycling Limited scheme was carried out as at 31 December 2018.

The results have been updated to 31 December 2021 by a qualified independent actuary.

A reconciliation of the Group's defined benefit obligation (DBO) and plan assets to the amounts presented in the statement of financial position for each of the reporting periods is presented below:

<b>Group</b>	<b>2021 £000's</b>	<b>2020 £000's</b>
Defined benefit obligation	(1,739)	(2,081)
Fair value of plan assets	2,490	2,754
<b>Total</b>	<b>751</b>	<b>673</b>

No asset has been recognised on the statement of financial position for the year ended 31 December 2021 or 31 December 2020.

**Defined benefit obligation**

The details of the Group's DBO are as follows:

	<b>2021 £000's</b>	<b>2020 £000's</b>
Value of defined benefit obligation at start of period	2,081	2,009
Interest cost	24	35
Settlement	(118)	(278)
Actuarial losses: changes in financial assumptions	(248)	315
<b>Defined benefit obligation at 31 December</b>	<b>1,739</b>	<b>2,081</b>

**Plan assets**

The reconciliation of the balance of the assets held for the Group's defined benefit plan is presented below:

	<b>2021 £'000's</b>	<b>2020 £'000's</b>
Fair value of plan assets at start of period	2,754	2,620
Interest income	32	47
Actual return on plan assets (excluding amounts included in net interest)	(187)	407
Employer contributions	-	-
Settlements	(109)	(320)
<b>Fair value of plan assets 31 December</b>	<b>2,490</b>	<b>2,754</b>

**TRADEBE ENVIRONMENTAL SERVICES LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**FOR THE YEAR ENDED 31 DECEMBER 2021**

**28. Retirement benefit obligations (continued)**

The most recent valuation at 31 December 2018 did not require any additional contributions to be paid to the scheme, therefore at 31 December 2021 no additional liability is required and no contributions are expected in the next financial year.

Plan assets do not comprise any of the Group's own financial instruments or any assets used by Group companies. Plan assets can be broken down into the following categories of investments:

Asset class	2021	2021	2020	2020
	Market value £000's	% of total Scheme assets %	Market value £000's	% of total Scheme assets %
Equities	493	20%	553	20%
Bonds	95	4%	32	1%
Gilt	750	30%	812	29%
Property	135	5%	127	5%
Cash	77	3%	85	3%
Other	940	38%	1,145	42%
<b>Total</b>	<b>2,490</b>	<b>100%</b>	<b>2,754</b>	<b>100%</b>

Actual return on assets over period (155) 454

All equity and debt instruments have quoted prices in active markets (level 1).

The significant actuarial assumptions used for the valuation are as follows:

	2021	2020
Discount rate at date shown	1.80% p.a.	1.20% p.a.
RPI inflation	3.50% p.a.	3.00% p.a.
Pensions increase: Post 88 GMP	2.50% p.a.	2.40% p.a.
Mortality before retirement	No allowance	No allowance
Mortality after retirement	100% of S3PA CMI Model 2020 1.25%	100% of S3PA CMI Model 2019 1.50%
Allowance for cash commutation	No allowance	No allowance
Proportion married	85% for males 75% for females	85% for males 75% for females
Age at retirement	Males: 62 Females: 60	Males: 62 Females: 60
Life expectancies (in years):		
For an individual aged 62	Males: 24.7 Females: 27.2	Males: 24.9 Females: 27.3
At age 62 for an individual currently aged 42	Males: 26.1 Females: 28.6	Males: 26.6 Females: 29.1

These assumptions were developed by management with the assistance of independent actuaries.

Discount factors are determined close to each year-end by reference to market yields of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid and that have terms to maturity approximating to the terms of the related pension obligation.

Other assumptions are based on current actuarial benchmarks and management's historical experience.

The present value of the DBO was measured using the projected unit credit method.

**TRADEBE ENVIRONMENTAL SERVICES LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED 31 DECEMBER 2021**

**28. Retirement benefit obligations (continued)**

**Sensitivity analysis**

<b>Assumption</b>	<b>Change in assumption</b>	<b>Change in defined benefit obligation</b>
Discount rate	+/- 0.5% p.a.	-9% / +11%
RPI inflation	+/- 0.5% p.a.	+3% / -4%
Assumed life expectancy	+ 1 year	+4%

**Defined benefit plan expenses**

Amounts recognised in profit or loss related to the Group's defined benefit plans are as follows:

<b>Amounts recognised in profit or loss</b>	<b>2021 £000's</b>	<b>2020 £000's</b>
(Gains)/losses on settlements	(9)	42
<b>Total expenses recognised in profit or loss</b>	<b>(9)</b>	<b>42</b>

The current service cost and the past service cost are included in employee benefits expense. The net interest expense is included in finance costs.

The actuarial gains and losses are not significant and have therefore not been recognised within other comprehensive income. The scheme is in an asset position so any gain would be restricted to nil in any case.

The significant actuarial assumptions for the determination of the defined benefit obligation detailed in IAS 19.173(b) are the discount rate, the salary growth rate and the average life expectancy. The calculation of the net defined benefit liability is sensitive to these assumptions.

The present value of the defined benefit obligation is calculated with the same method (project unit credit) as the defined benefit obligation recognised in the statement of financial position. The sensitivity analyses are based on a change in one assumption while not changing all other assumptions. This analysis may not be representative of the actual change in the defined benefit obligation as it is unlikely that the change in the assumptions would occur in isolation of one another as some of the assumptions may be correlated.

**TRADEBE ENVIRONMENTAL SERVICES LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**FOR THE YEAR ENDED 31 DECEMBER 2021**

**29. Related party transactions**

**Group**

The balances as at 31 December with group undertakings were as follows:

	<b>2021</b>	<b>2020</b>
	<b>£000's</b>	<b>£000's</b>
Amounts due from Tradebe group undertakings – non-current		
Grupo Tradebe Medio Ambiente, S.L.	17,732	32,948
Ecologia Quimica, S.A.	690	738
Limpiezas del Nervion, S.A.	2,021	4,544
Tradebe Valdilecha, S.L.	1,928	2,063
Tradebe Environmental Services LLC	113,416	102,714
	<b>135,787</b>	<b>143,007</b>

	<b>2021</b>	<b>2020</b>
	<b>£000's</b>	<b>£000's</b>
Amounts due from Tradebe group undertakings – current		
Grupo Tradebe Medio Ambiente, S.L.	-	224
Fagnor, S.L.	-	1,676
Intraval Ingenieria y Tratamientos de Valorizacion, S.L.	-	19
Solvents with Safety Limited	-	36
Tradebe GmbH	3	6
Tradebe Chimica SRL	5	-
Ecologica Quimica, S.A.	3	-
	<b>11</b>	<b>1,961</b>

	<b>2021</b>	<b>2020</b>
	<b>£000's</b>	<b>£000's</b>
Amounts owed to Tradebe group undertakings - current		
Grupo Tradebe Medio Ambiente, S.L.	23	-
Ecologica Iberica y Mediterranea, S.A.	8	6
Ecologia Quimica, S.A.	83	16
Oshare, S.L.	-	2
Tradebe Gestion Espana, S.L.	-	27
Solvents with Safety Limited	-	2,445
Tradebe SARL	46	12
Tradebe Chimica SRL	5	14
Wadi Al Hijara Trades and Services	1	51
	<b>166</b>	<b>2,573</b>

None of the transactions incorporate special terms and conditions and no guarantees were given or received. Outstanding balances are usually settled in cash. Transactions in the year related to the ordinary course of trade.

**Transactions with key management personnel**

Refer to note 5 for details of transactions with key management personnel.

# TRADEBE ENVIRONMENTAL SERVICES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2021

#### 29. Related party transactions (continued)

##### Company

The subsidiary undertakings below are related parties of the Company. The transactions during the financial year and balances as at 31 December with these related parties were as follows:

	2021 £000's	2020 £000's
Amounts due from Tradebe group related parties – non-current:		
Tradebe Fawley Midco Limited	23,675	23,675
Tradebe Healthcare (Holdings) Limited	2,800	2,800
	<b>26,475</b>	<b>26,475</b>

	2021 £000's	2020 £000's
Amounts due from Tradebe group related parties – current:		
Tradebe Fawley Midco Limited	35,898	35,898
Tradebe Solvent Recycling Limited	3,279	3,279
Tradebe Gwent Limited	4,618	4,618
Scotoil Realisations Limited	8,250	8,250
Avanti Environmental Group Limited	210	-
Tradebe Services LLC	-	2,651
	<b>52,255</b>	<b>54,696</b>

	2021 £000's	2020 £000's
Amounts owed to Tradebe group related parties – non-current:		
Tradebe Management Limited	59,134	59,134
	<b>59,134</b>	<b>59,134</b>

	2021 £000's	2020 as restated £000's
Amounts owed to Tradebe group related parties – current:		
Inutec Limited	3,291	3,292
Tradebe Management Limited	16,402	2,796
Scotoil Services Limited	2,800	2,800
	<b>22,493</b>	<b>8,888</b>

#### 30. Subsequent events

On 1 April 2022, 100% of the issued share capital of Tradebe Solvent Recycling Limited was acquired by Ecologia Quimica, S.A., a subsidiary of Grupo Tradebe Medio Ambiente, S.L., the company's ultimate parent undertaking.

As previously disclosed in the 2020 financial statements, the HMRC have opened an enquiry into the corporation tax affairs within the group. At the date of signing these financial statements the enquiry has progressed and remains open. Management's assessment of the outcome of this enquiry continues to be that they do not consider a liability to be likely.

## **TRADEBE ENVIRONMENTAL SERVICES LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

#### **FOR THE YEAR ENDED 31 DECEMBER 2021**

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##### **31. Ultimate parent company**

The Company's immediate and ultimate parent undertaking is Grupo Tradebe Medio Ambiente, S.L., a company registered in Spain, by virtue of its 100% holding of the company's issued share capital. Grupo Tradebe Medio Ambiente, S.L. has its registered office at: Grupo Tradebe Medio Ambiente, S.L., Av. Barcelona, 109, Planta 5, E-08970, Sant Joan Despi, Barcelona, Spain.

The parent of the smallest group preparing consolidated financial statements including the results of the Company is Tradebe Environmental Services Limited.

The parent of the largest group preparing consolidated financial statements including the results of the Company is Grupo Tradebe Medio Ambiente, S.L., a company incorporated in Spain. The consolidated financial statements of Grupo Tradebe Medio Ambiente, S.L. can be obtained from its registered office at: Grupo Tradebe Medio Ambiente, S.L., Av. Barcelona, 109, Planta 5, E-08970, Sant Joan Despi, Barcelona, Spain.

The ultimate controlling party is Josep Creixell Sureda by virtue of his majority ownership of Grupo Tradebe Medio Ambiente, S.L..