

# MVV Environment Limited

Annual report and financial statements

Registered number 06709860

30 September 2021

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## **Officers and professional advisers**

### **Directors**

P M Carey  
M A Turner  
P R Knapp (appointed 1 November 2020)

### **Registered Office**

40 Creek Road  
Plymouth  
PL5 1FL

### **Company Number**

06709860

### **Independent Auditors**

PricewaterhouseCoopers LLP  
2 Glass Wharf  
Bristol  
BS2 0FR

## Strategic report

The Directors present their strategic report for the year ended 30 September 2021.

### Principal activities

The principal activity of the Company is that of project work, investigating new business opportunities in the UK. The Company also provides management services to fellow group companies.

The Company is privately owned and limited by shares. Details of the ownership of the Company are given in note 16, and the amount of shares in issue is shown in note 14.

### Review of the business

The results of the business can be seen in the statement of comprehensive income on page 8 and the statement of financial position on page 9. Revenue has increased by 12% from the prior year due mainly to higher management fees from recharging the cost of employees to other group companies. This has arisen from an increase in headcount and resulting payroll costs which form part of the management fees recharge. In the year to 30 September 2021 there have been no new projects completed and therefore no recharges of costs included within revenue (2020: £nil). Administrative expenses have seen a reduction of 4% from the prior year. This is mainly due to consultant fees in relation to development projects and a reduction in employee travel costs arising from Covid-19 restrictions. The Company received dividends of £6m from two subsidiaries (2020: £6m from two subsidiaries). Overall, the Directors are pleased with the results of the Company and the ongoing development projects and future growth of the Company.

### Key performance indicators

In the year ended 30 September 2021 the Company did not complete any projects (2020: nil), however, there has been substantial progress made with other project opportunities. Projects can take 3 to 5 years to deliver and currently there is no project expected to generate revenue in the next 12 months. The only other performance indicator used by the Directors is numbers of staff employed which have increased from 26 to 30.

### Financial risk management

The Company's operations expose it to financial risks including credit risk, liquidity risk, foreign currency risk and regulatory risk. The Company has in place a number of financial risk management policies that seek to limit potential adverse effects on the financial performance of the Company by monitoring the levels of cash and financial instruments held.

#### Credit risk

Credit risk arises on credit exposure to its customer base. The Company limits its exposure to such customers by means of a policy of credit checking all potential customers as part of the on-boarding process. Customer debt is actively monitored and appropriate action taken on any potential exposures.

#### Liquidity risk

Cash deposits are maintained to ensure that the Company has sufficient available funds for operations. The Company does not use derivative financial instruments to manage interest rate exposure and therefore no hedge accounting is applied.

#### Foreign currency risk

The Company has financial instruments which are denominated in Euros. The gains and losses arising from the Company's exposure are recognised in the statement of comprehensive income.

### Research and development

The Company is currently not undertaking any research and development work.

### Future developments

The Directors do not foresee any change in the Company's principal activity.

### Going Concern

The Directors believe that the Company is well placed to manage its business risks and that the Company has adequate resources to continue its operations for the foreseeable future. With the outbreak of the COVID-19 pandemic in March 2020, the Directors have since carried out various assessments as to the possible effects on the business of the Company and the group. As far as possible, mitigating actions have been taken in order to reduce the risks to staff and to protect profitability of the business. Accordingly, having also received a letter of support from the parent company, the Directors have continued to adopt the going concern basis of accounting in the preparation of these financial statements.

On behalf of the board

  
P M Carey  
Director

28 April 2022

## Directors' report

The Directors present their Directors' report and audited financial statements for the Company for the year ended 30 September 2021.

### Principal activities

The principal activity of the Company is that of project work and investigating new business opportunities in the UK.

### Directors

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

P M Carey  
M A Turner  
P R Knapp (appointed 1 November 2020)

### Dividends

There were no dividends paid during the year (2020: £nil). The Directors do not recommend payment of a final dividend in respect of the year (2020: £nil).

### Political and charitable contributions

The Company made no political or charitable donations during the year (2020: £nil).

### COVID-19

As a result of the COVID -19 pandemic the Directors have carried out an assessment of possible effects on the Company's business. Areas reviewed include the effect of loss of key operational staff due to a need to isolate, reduced supplies of fuel and consumables, ability of key suppliers to carry out maintenance and unfavourable movement in prices.

Mitigating actions have been taken as necessary to reduce the risks to staff, and to protect profitability.

### UK departure from the European Union

With effect from 1 January 2021, the Company has been affected by the UK departure from the European Union in respect of the following matters.

#### Employment

The Company is part of a German owned group and benefits from a sharing of technical knowledge with colleagues in other parts of the group. Staff travel to and from Germany on a regular basis and there are also periods of extended secondment for certain technical staff. These activities will be made more onerous, but this will not significantly affect the operations of the Company.

### Financial risk management and future developments

Details of the Company's financial risk management and future developments have been disclosed within the Strategic Report on page 2.

### Directors' indemnities

As permitted by the Articles of Association, the Directors have the benefit of an indemnity which is a qualifying third party indemnity provision as defined by Section 234 of the Companies Act 2006. The indemnity was in force throughout the last financial year and is currently in force. The Company also purchased and maintained throughout the financial year Directors' and officers' liability insurance in respect of itself and its Directors.

### Independent Auditors

The auditors, PricewaterhouseCoopers LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

On behalf of the board

  
P M Carey  
Director

Registered office:  
40 Creek Road,  
Plymouth,  
PL5 1FL

28 April 2022

### ***Statement of Directors' responsibilities in respect of the financial statements***

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

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law). Under Company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing the financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 101, have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

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

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.

### ***Directors' confirmations***

In the case of each Director in office at the date the Directors' report is approved:

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

## **Independent auditors' report to the members of MVV Environment Limited**

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

#### **Opinion**

In our opinion, MVV Environment Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 30 September 2021 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report and financial statements (the "Annual Report"), which comprise: Statement of financial position as at 30 September 2021; the Statement of comprehensive income and the Statement of changes in equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

#### **Basis for opinion**

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

#### **Independence**

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

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

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

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

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

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

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

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

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

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

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

## **Independent auditors' report to the members of MVV Environment Limited** *(continued)*

### **Reporting on other information** *(continued)*

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

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic report and Directors' report for the year ended 30 September 2021 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

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

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

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

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

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

#### ***Auditors' responsibilities for the audit of the financial statements***

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

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

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

- Discussions with management to enquire of any known instances of non compliance with laws and regulations and fraud;
- Reading board minutes for evidence of breaches of regulations and reading relevant correspondence;
- Challenging assumptions and judgements made by management in their significant accounting estimates;
- Identifying and testing journal entries, in particular journal entries posted with unexpected account combinations; and
- Incorporating unpredictability into the nature, timing and/or extent of our testing.

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

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

## **Independent auditors' report to the members of MVV Environment Limited** (continued)

### **Responsibilities for the financial statements and the audit (continued)**

#### *Use of this report*

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

### **Other required reporting**

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

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

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

We have no exceptions to report arising from this responsibility.



Colin Bates (Senior Statutory Auditor)

for and on behalf of PricewaterhouseCoopers LLP

Chartered Accountants and Statutory Auditors

Bristol

28 April 2022

**Statement of comprehensive income**  
*for year ended 30 September 2021*

	<i>Note</i>	<b>2021</b> £	2020 £
<b>Revenue</b>	<b>3</b>	<b>2,490,245</b>	2,207,897
Cost of sales		(157,647)	(112,635)
		<hr/>	<hr/>
<b>Gross profit</b>		<b>2,332,598</b>	2,095,262
Administrative expenses		(5,255,890)	(5,457,605)
		<hr/>	<hr/>
<b>Operating loss</b>	<b>4</b>	<b>(2,923,292)</b>	(3,362,343)
Income from shares in group undertakings		6,063,252	6,063,252
Finance income	6	7,136	1,220
Finance expenses	6	-	(69)
		<hr/>	<hr/>
<b>Net finance income</b>		<b>7,136</b>	1,151
		<hr/>	<hr/>
<b>Profit before taxation</b>		<b>3,147,096</b>	2,702,060
Tax on profit	7	-	-
		<hr/>	<hr/>
<b>Profit for the financial year</b>		<b>3,147,096</b>	2,702,060
		<hr/> <hr/>	<hr/> <hr/>
<b>Total comprehensive income for the year</b>		<b>3,147,096</b>	2,702,060

The notes on pages 11 to 22 form part of these financial statements.

**Statement of financial position**  
*as at 30 September 2021*

	<i>Note</i>	2021 £	2020 £
<b>Fixed assets</b>			
Tangible assets	9	12,255	104,912
Investments	10	95,910,988	100,911,988
		<u>95,923,243</u>	<u>101,016,900</u>
<b>Current assets</b>			
Trade and other receivables	11	619,656	1,937,367
Cash and cash equivalents	12	9,878,059	1,825,017
		<u>10,497,715</u>	<u>3,762,384</u>
<b>Total current assets</b>		<u>10,497,715</u>	<u>3,762,384</u>
<b>Creditors: amounts falling due within one year</b>	13	(810,017)	(2,315,439)
		<u>(810,017)</u>	<u>(2,315,439)</u>
<b>Total current liabilities</b>		<u>(810,017)</u>	<u>(2,315,439)</u>
<b>Net current assets</b>		<u>9,687,698</u>	<u>1,446,945</u>
<b>Net assets</b>		<u>105,610,941</u>	<u>102,463,845</u>
<b>Equity</b>			
Called up share capital	14	100,951,001	100,951,001
Profit and loss account	14	4,659,940	1,512,844
		<u>105,610,941</u>	<u>102,463,845</u>
<b>Total equity</b>		<u>105,610,941</u>	<u>102,463,845</u>

The notes on pages 11 to 22 form part of these financial statements.

These financial statements on pages 1 to 10 were approved by the board of Directors on 28 April 2022 and were signed on its behalf by:

  
**P M Carey**  
*Director*

Company registered number: 06709860

**Statement of changes in equity**  
*for the year ended 30 September 2021*

	Called up share capital £	Profit and loss account £	Total equity £
Balance at 1 October 2019	100,951,001	(1,189,216)	99,761,785
<b>Total comprehensive income for the year</b>			
Profit for the financial year	-	2,702,060	2,702,060
	<hr/>	<hr/>	<hr/>
Total comprehensive income for the year	-	2,702,060	2,702,060
	<hr/>	<hr/>	<hr/>
<b>Balance at 30 September 2020</b>	<b>100,951,001</b>	<b>1,512,844</b>	<b>102,463,845</b>
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

	Called up share capital £	Profit and loss account £	Total equity £
Balance at 1 October 2020	100,951,001	1,512,844	102,463,845
<b>Total comprehensive income for the year</b>			
Profit for the financial year	-	3,147,096	3,147,096
	<hr/>	<hr/>	<hr/>
Total comprehensive income for the year	-	3,147,096	3,147,096
	<hr/>	<hr/>	<hr/>
<b>Balance at 30 September 2021</b>	<b>100,951,001</b>	<b>4,659,940</b>	<b>105,610,941</b>
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

## Notes

*(forming part of the financial statements)*

### 1 Accounting policies

MVV Environment Limited (the “Company”) is a Company incorporated and domiciled in England, UK.

#### 1.1 Basis of preparation

##### i) Historical cost convention

The financial statements are prepared on the historical cost basis, as explained in the accounting policies below unless otherwise stated, and in accordance with the Companies Act 2006, as applicable to companies adopting Financial Reporting Standard 101 and United Kingdom Accounting Standards – Financial Reporting Standard 101 Reduced Disclosure Framework (“FRS 101”). Historical cost is generally based on the fair value of the consideration given in exchange of assets. The principal accounting policies that have been applied consistently throughout the period are set out below.

#### 1.2 Going concern

The Directors believe that the Company is well placed to manage its business risks and that the Company has adequate resources to continue its operations for the foreseeable future. In addition, the Directors have received assurance from the Group that they will continue to support the Company for the foreseeable future. Accordingly, the Directors have continued to adopt the going concern basis of accounting in the preparation of these financial statements.

#### 1.3 Revenue

Revenue is measured at the fair value of the consideration received or receivable, and represents amounts receivable for services provided, which is then stated net of value added taxes. The Company recognises revenue when performance obligations have been satisfied and given the nature of the Company’s activities. Due to the nature of the Company’s activities, they do not receive returns of goods or services provided.

#### 1.4 Expenses

##### *Financing income and expenses*

Financing expenses comprise interest payable and net foreign exchange losses. Financing income comprise interest receivable on funds invested, dividend income, and net foreign exchange gains.

Interest income and interest payable is recognised in profit or loss as it accrues, using the effective interest method. Dividend income is recognised in the income statement on the date the entity’s right to receive payments is established. Foreign currency gains and losses are reported on a net basis.

**Notes (continued)**  
**(forming part of the financial statements)**

**1 Accounting policies (continued)**

**1.5 Taxation**

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the income statement except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements, as well as on unused tax losses or tax credits in the Company. Deferred tax is determined using tax rates enacted or substantively enacted at the reporting date.

The carrying amount of deferred tax liabilities are reviewed and adjustment for annually. However, the carrying amount of deferred tax assets are reviewed at each reporting date, but assets in relation to unused tax losses are only recognised to the extent that they are able to be utilised against taxable profits in the future. If there is uncertainty as to whether there will be future taxable profits of the Company, these deferred tax assets are not recognised.

**1.6 Employee benefits**

The obligations for contributions to defined contribution scheme are recognised as an expense as incurred. The assets of the scheme are held separately from those of the Company in an independently administered fund.

**1.7 Tangible assets**

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

Depreciation is charged to the Statement of comprehensive income so as to write off their value, less any residual value, over the estimated lives, using the straight-line method, or reducing balance method if more appropriate.

Useful economic lives:

Motor vehicles	8 years straight line
Computer equipment	3 years straight line
Right of use assets	Over the life of the lease

**1.8 Non-derivative financial instruments**

Non-derivative financial instruments comprise investments in equity and debt securities, trade and other receivables, cash and cash equivalents, loans and borrowings, and trade and other payables.

*Trade and other receivables*

Trade and other receivables are recognised initially at fair value. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses for bad and doubtful debts except where the effect of discounting would be immaterial. In such cases, the receivables are stated at cost less impairment for bad and doubtful debts.

*Trade and other payables*

Trade and other payables are recognised initially at fair value. Subsequent to initial recognition they are measured at amortised cost using the effective interest method unless the effect of discounting would be immaterial, in which case they are stated at cost.

**1.9 Derivative financial instruments**

Derivative financial instruments are initially recognised at fair value. Subsequent to initial recognition they are measured at fair value using a market to market pricing model. Changes in the fair value are recognised in the statement of comprehensive income in the year of change.

**1.10 Financial assets**

In the event the Company were to impair its financial assets, the impairment charge in the statement of comprehensive income would include the change in expected credit losses for financial assets held at amortised cost. Expected credit losses are calculated by using an appropriate probability of default, adjusted to take into account a range of possible future economic scenarios, and applying this to the estimated exposure of the Company at the point of default after taking into account the value of any collateral held or other mitigants of loss.

At initial recognition, allowance is made for expected credit losses resulting from default events that are possible within the next 12 months (12-month expected credit losses). In the event of a significant increase in credit risk, allowance is made for expected credit losses resulting from all possible default events over the expected life of the financial instrument (lifetime expected credit losses). Financial assets where 12-month expected credit losses are recognised are considered to be Stage 1; financial assets which

**Notes** (continued)  
(forming part of the financial statements)

**1 Accounting policies** (continued)

**1.10 Financial assets** (continued)

are considered to have experienced a significant increase in credit risk are in Stage 2; and financial assets which have defaulted or are otherwise considered to be credit impaired are allocated to Stage 3. An assessment of whether credit risk has increased significantly since initial recognition considers the change in the risk of default occurring over the remaining expected life of the financial instrument. The assessment is unbiased, probability-weighted and uses forward-looking information consistent with that used in the measurement of expected credit losses. However, unless identified at an earlier stage, the credit risk of financial assets is deemed to have increased significantly when more than 30 days past due. Where the credit risk subsequently improves such that it no longer represents a significant increase in credit risks on origination, the asset is transferred back to Stage 1.

For financial instruments that are considered to have low credit risk, the credit risk is assumed to not have increased significantly since initial recognition. Financial instruments are considered to have low credit risk when the borrower is considered to have a low risk of default from a market perspective, such as external bank accounts.

Assets are transferred to Stage 3 when they have defaulted or are otherwise considered to be credit impaired. IFRS 9 contains a rebuttable presumption that default occurs no later than when a payment is 90 days past due. The Company uses this 90 day backstop.

**1.11 Leased assets**

The Company leases various assets such as motor vehicles. Rental contracts are typically made for fixed periods, comprising different term periods but these may also have extension options, or points in which contracts can be terminated early.

Contracts may contain both lease and non-lease components. The Company allocates consideration in the contract to the lease and non-lease components based on their relative stand-alone prices. However, for leases of land and buildings, for which the Company is a lessee and for which it has major leases, it has elected not to separate these individual components and instead accounts for these as a single lease component.

Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes.

Leases are recognised as a right of use asset and a corresponding lease liability at the date at which the leased asset is available for use by the Company.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- Fixed payments (including in-substance fixed payments), less any lease incentives receivable;
- Variable lease payments that are based on an index or a rate, initially measured using the index or rate as at the commencement date;
- Amounts expected to be payable by the Company under residual value guarantees;
- The exercise price of a purchase option if the Company is reasonably certain to exercise that option; and
- Payments of penalties for terminating the lease, if the lease term reflects the Company exercising that option.

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the Company, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow 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.

**Notes** *(continued)*  
*(forming part of the financial statements)*

**1 Accounting policies** *(continued)*

**1.11 Leased assets** *(continued)*

The Company is exposed to potential future increases in variable lease payments based on an index or rate, which are not included in the lease liability until they take effect. When the adjustments to lease payments based on an index or rate take effect, the lease liability is reassessed and adjusted against the right of use asset.

Lease payments are allocated between principal and finance cost. The finance cost is charged to the statement of comprehensive income over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability in each period.

Right of use assets are measured at cost comprising the following:

- The amount of the initial measurement of the lease liability;
- Any lease payments made at or before the commencement date less any lease incentives received;
- Any initial direct costs; and
- Restoration costs

Right of use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight line basis. If the Company is reasonably certain to exercise a purchase option, the right of use asset is depreciated over the underlying asset's useful life. The Company chooses not to revalue the right of use land and buildings held by the Company.

Payments associated with short-term leases of equipment and all low-value assets are recognised on a straight-line basis as an expense in the statement of comprehensive income. Short-term leases are leases with a lease term of 12 months or less. Low-value assets often comprise small pieces of equipment and office furniture.

**1.12 FRS 101 reduced disclosures**

The Company has taken the following disclosure exemptions:

- a.) The requirements of IFRS 7 'Financial instruments : Disclosures';
- b.) The requirements of paragraphs 91-99 of IFRS 13 'Fair Value Measurement';
- c.) The requirement in paragraph 38 of IAS 1 'Presentation of Financial Statements' to present comparative information in respect of:
  - a. Paragraph 79(a)(iv) of IAS 1;
  - b. Paragraph 73(e) of IAS 16 Property, Plant and Equipment;
  - c. Paragraph 118(e) of IAS 38 Intangible Assets;
- d.) The requirements of paragraphs 10(d), 10(f), 40A-D, and 134 -136 of IAS 1 'Presentation of Financial Statements';
- e.) The requirements of IAS 7 'Statement of Cash Flows';
- f.) The requirements of paragraph 17 of IAS 24 'Related Party Disclosures';
- g.) The requirements in IAS 24 'Related Party Disclosures' to disclose related party transactions entered into between two members of the same group, provided that both parties to the transaction are wholly owned by such a member.

**Notes** *(continued)*  
*(forming part of the financial statements)*

**2 Critical accounting judgements and key sources of estimation uncertainty**

**2.1 Impairment of tangible assets**

The Company records its fixed assets at historical cost and carries out an annual impairment review to consider value in use of these assets by considering the net present value of the future cash generation of these assets. Management's judgments include the forecast future cash flows generated by the assets and the discount rate applied to these cash flows in arriving at the net present value.

**3 Revenue**

	2021 £	2020 £
Rendering of services	2,490,245	2,207,897
Total revenues	<u>2,490,245</u>	<u>2,207,897</u>

All revenue is derived from services provided in the United Kingdom.

**4 Operating loss**

*Included in the operating loss are the following:*

	2021 £	2020 £
Staff pension contributions	137,244	148,452
Depreciation of owned fixed assets	2,493	2,493
Depreciation of leased fixed assets	640	8,029

*Auditors' remuneration:*

	2021 £	2020 £
Audit of these financial statements	<u>26,090</u>	<u>26,618</u>

**5 Particulars of employees**

The average monthly number of persons employed by the Company (including Directors) during the year, analysed by category was as follows:

	2021 No.	2020 No.
Administration and support	<u>30</u>	<u>26</u>

  

	2021 £	2020 £
Wages and salaries	2,183,788	2,160,403
Social security costs	319,637	238,787
Other pension costs	137,244	148,452
	<u>2,640,669</u>	<u>2,547,642</u>

Wages and salaries (including Directors' remuneration) are recharged from MVV Environment Limited to fellow group companies. The costs are recharged on a percentage basis, which represent the amount of time that MVV Environment Limited's employees provide their services to the fellow group companies. The income from these recharges is included within revenue.

**Notes** *(continued)*  
*(forming part of the financial statements)*

**5 Particulars of employees** *(continued)*

Directors' remuneration was as follows:

	2021 £	2020 £
Remuneration	190,210	180,641
Company contributions to money purchase pension schemes	10,472	10,059
	<u>200,682</u>	<u>190,700</u>

The Directors' remuneration above reflects the costs remaining in MVV Environment Limited, which have not been recharged to fellow group Companies and therefore, relate to this Company. As well as costs from this Company, the above also includes recharged costs from MVV Umwelt GmbH, for remuneration payments incurred on behalf of MVV Environment Limited for the services provided by the Directors of this Company.

**6 Net finance income**

	2021 £	2020 £
<b><i>Finance income</i></b>		
Interest received	7,136	1,220
Total finance income	<u>7,136</u>	<u>1,220</u>
<b><i>Finance expenses</i></b>		
Lease liabilities	-	69
Total finance expenses	<u>-</u>	<u>69</u>
Net finance income	<u>7,136</u>	<u>1,151</u>

As mentioned in note 17 on page 22, the Company holds a back-to-back agreement with a group Company, MVV Environment Baldovie Limited, in relation to a derivative financial instrument being a foreign exchange hedging contract. As such the financial asset and liability arising match at any given point. During the year to contact matured on 30 December 2020 and the resulting change in the fair value the year is £nil (2020: £nil).

**7 Taxation**

**a) Tax charge per the statement of comprehensive income**

	2021 £	2020 £
<b><i>Current tax expense</i></b>		
Current year	-	-
Current tax expense	<u>-</u>	<u>-</u>

**Notes** (continued)  
(forming part of the financial statements)

**7 Taxation** (continued)

**a) Tax charge per the statement of comprehensive income** (continued)

	2021 £	2020 £
<i>Deferred tax expense</i>		
Origination and reversal of temporary differences	-	-
Tax losses available	-	-
	<hr/>	<hr/>
Deferred tax expense	-	-
	<hr/>	<hr/>
Tax expense per statement of comprehensive income	-	-
	<hr/>	<hr/>

**b) Reconciliation of standard tax rate**

The tax assessment for the year is lower than (2020: lower than) the standard rate of corporation tax in the UK of 19% (2020: 19%). The difference is explained below:

	2021 £	2020 £
Profit before taxation	3,147,096	2,702,060
Total tax at 19% (2020: 19%)	597,948	513,391
	<hr/>	<hr/>
Group relief surrendered	261,206	459,648
Dividend income	(1,152,018)	(1,151,828)
Depreciation on ineligible items	122	-
Expense adjustments	-	180,500
Losses not recognised as deferred tax asset	292,742	(1,711)
	<hr/>	<hr/>
Total tax expense	-	-
	<hr/>	<hr/>

The UK government announced in its 2021 budget an increase in the rate of Corporation Tax from 19% to 25% with effect from 1 April 2023. As a result of this, at the balance sheet date, the proposal to increase the rate to 25% had been substantively enacted as substantive enactment took place on 24 May 2021, The Finance Bill received Royal Assent on 10 June 2021 becoming Finance Act 2021. No adjustments have been made, given that deferred tax has not been recognised within these financial statements.

**c) Deferred tax**

The Directors have reviewed the deferred tax position and have considered the anticipated future profitability of the Company. As a result of this, they find it prudent not to recognise a net deferred tax asset of £381,173 (2020: liability £2,994).

**Notes** *(continued)*  
*(forming part of the financial statements)*

**8 Leases**

The Company previously held a lease contract for a motor vehicle that it used in its operations, but this contract expired during the year. The amounts recognised in the financial statements in relation to this lease are as follows:

**(i) Amounts recognised in the statement of financial position**

The balance sheet shows the following amounts relating to leases:

	2021 £	2020 £
<b>Right-of-use assets</b>		
Others	-	640
	-	640
<b>Lease liabilities</b>		
Current	-	646
	-	646

There were no additions to right of use assets during the 2021 financial year (2020: none).

**(ii) Amounts recognised in the income statement**

The income statement shows the following amounts relating to leases:

	2021 £	2020 £
<b>Depreciation charge of right-of-use assets</b>		
Motor vehicles	(640)	(8,029)
	(640)	(8,029)
Interest expense (included in finance expenses in note 6 on page 16)	-	(69)
<b>Future minimum lease payments at 30 September 2021 and 30 September 2020 are as follows:</b>		
Not later than one year	-	646
Total gross payments	-	646
Carrying amount of liability	-	646

## **Notes (continued)**

(forming part of the financial statements)

### **9 Tangible assets**

	<b>Motor vehicles</b>	<b>Right of use assets</b>	<b>Computer equipment</b>	<b>Total</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
<b>Cost</b>				
At 1 October 2019	19,941	13,606	-	33,547
Additions	-	-	89,524	89,524
	<hr/>	<hr/>	<hr/>	<hr/>
At 30 September 2020	19,941	13,606	89,524	123,071
	<hr/>	<hr/>	<hr/>	<hr/>
<b>Accumulated depreciation</b>				
At 1 October 2019	2,700	4,937	-	7,637
Charge for the year	2,493	8,029	-	10,522
	<hr/>	<hr/>	<hr/>	<hr/>
At 30 September 2020	5,193	12,966	-	18,159
	<hr/>	<hr/>	<hr/>	<hr/>
<b>Net book value</b>				
At 30 September 2020	<b>14,748</b>	<b>640</b>	<b>89,524</b>	<b>104,912</b>
	<hr/>	<hr/>	<hr/>	<hr/>

  

	<b>Motor vehicles</b>	<b>Right of use assets</b>	<b>Computer equipment</b>	<b>Total</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
<b>Cost</b>				
At 1 October 2020	19,941	13,606	89,524	123,071
Disposals	-	-	(89,524)	(89,524)
	<hr/>	<hr/>	<hr/>	<hr/>
At 30 September 2021	19,941	13,606	-	33,547
	<hr/>	<hr/>	<hr/>	<hr/>
<b>Accumulated depreciation</b>				
At 1 October 2020	5,193	12,966	-	18,159
Charge for the year	2,493	640	-	3,133
	<hr/>	<hr/>	<hr/>	<hr/>
At 30 September 2021	7,686	13,606	-	21,292
	<hr/>	<hr/>	<hr/>	<hr/>
<b>Net book value</b>				
At 30 September 2021	<b>12,255</b>	<b>-</b>	<b>-</b>	<b>12,255</b>
	<hr/>	<hr/>	<hr/>	<hr/>

## Notes (continued)

(forming part of the financial statements)

### 10 Investments

	2021 £	2020 £
Shares in subsidiary undertakings	<u>95,910,988</u>	<u>100,911,988</u>

During the year the value of the investment in MVV Environment Ridham Limited reduced from £42,001,000 to £37,000,000 by way of a special resolution passed by the Board of Directors of that Company. A cancellation of 5,001,000 ordinary shares at a value of £1 each was made and the corresponding surplus capital was repaid to this Company.

#### Details of undertakings

Details of the investments in which the Company holds 20% or more of the nominal value of any class of share are as follows:

Undertaking	Registered office	Holding	Proportion of voting rights and shares held	
			2021	2020
MVV Environment Baldovie Limited	Forties Road, Dundee, DD4 0NS	Ordinary shares	100%	100%

MVV Environment Baldovie Limited is a Company incorporated in Scotland. The principal activity of MVV Environment Baldovie Limited is that of operating a waste to power renewable energy facility based in Baldovie, Dundee.

Undertaking	Registered office	Holding	Proportion of voting rights and shares held	
			2021	2020
MVV Environment Devonport Limited	Devonport Efw Chp Facility, Creek Road, Plymouth, PL5 1FL	Ordinary shares	100%	100%

MVV Environment Devonport Limited is a Company incorporated in England and Wales. The principal activity of MVV Environment Devonport Limited is that of operating a waste to power renewable energy facility based in Devonport, Plymouth.

Undertaking	Registered office	Holding	Proportion of voting rights and shares held	
			2021	2020
MVV Environment Services Limited	40 Creek Road, Plymouth, PL5 1FL	Ordinary shares	100%	100%

MVV Environment Services Limited is a Company incorporated in England and Wales. The principal activity of MVV Environment Services Limited is that of the sale and purchase of electricity.

Undertaking	Registered office	Holding	Proportion of voting rights and shares held	
			2021	2020
MVV Environment Ridham Limited	Ridham Dock Biomass Facility Lord Nelson Road, Iwade, Sittingbourne, Kent, ME9 8FQ	Ordinary shares	100%	100%

MVV Environment Ridham Limited is a Company incorporated in England and Wales. The principal activity of MVV Environment Ridham Limited is that of the operation of a biomass heat and power facility based in Sittingbourne, Kent.

**Notes** *(continued)*  
*(forming part of the financial statements)*

**11 Trade and other receivables**

	2021 £	2020 £
Amounts owed by group companies	494,072	324,332
Derivative financial instrument	-	1,487,948
Prepayments and accrued income	85,968	25,061
Other debtors	1,167	-
VAT recoverable	38,449	100,026
	<u>619,656</u>	<u>1,937,367</u>

Amounts owed by group companies are unsecured and repayable on demand.

**12 Cash and cash equivalents**

	2021 £	2020 £
Cash and cash equivalents per balance sheet	9,878,059	1,825,017

**13 Creditors: amounts falling due within one year**

	2021 £	2020 (as restated) £
Trade payables	131,523	129,272
Accruals and deferred income	521,182	594,010
Amounts owed to group companies	20,803	33,891
Social security and other taxes	136,509	69,672
Lease liabilities (note 8)	-	646
Derivative financial instrument	-	1,487,948
	<u>810,017</u>	<u>2,315,439</u>

Amounts owed to group companies are unsecured and repayable on demand.

The restatement of the prior year figures relates to a reclassification of £594,010, which had previously been incorrectly disclosed under trade payables, rather than accruals and deferred income.

**Notes (continued)**  
*(forming part of the financial statements)*

**14 Capital and reserves**

**Called up share capital**

	2021 £	2020 £
<i>Allotted, called up and fully paid</i>		
100,951,001 (2020: 100,951,001) Ordinary shares of £1 each	100,951,001	100,951,001

	Profit and loss account £	£
At 1 October 2020 and at 1 October 2019	1,512,844	(1,189,216)
Profit for the financial year ended 30 September 2021 and 30 September 2020	3,147,096	2,702,060
At 30 September 2021 and at 30 September 2020	4,659,940	1,512,844

**15 Related parties**

The Company as a wholly-owned subsidiary of MVV Umwelt GmbH has taken advantage of exemptions granted under IAS 24 'Related Party Disclosures' to disclose related party transactions entered into between two members of the same group, provided that both parties to the transaction are wholly owned by such a member. The Company had no transactions during the current or the preceding year with other related parties.

**16 Ultimate parent Company and parent Company of larger group**

The Company's immediate parent is MVV Umwelt UK GmbH, a Company which is incorporated in Germany. The ultimate parent and controlling party is MVV Energie AG, a Company incorporated in Germany.

The largest and only group in which the results of the Company are consolidated is that headed by MVV Energie AG and therefore, the Company is exempt by virtue of section 400 of the Companies Act 2006 from the requirement to prepare consolidated financial statements. The address of the ultimate parent's registered office and from which the consolidated financial statements can be obtained is Luisenring 49, 68159 Mannheim.

**17 Derivative financial instruments**

During the year the Company held a back-to-back agreement with MVV Environment Baldovie Limited, a subsidiary of MVV Environment Limited, in respect of a derivative financial instrument being a foreign exchange hedging contract. The contract matured on 30 December 2020 and the agreement ended. The details shown below represent the position in respect of the asset held by the Company and the corresponding liability:

**30 September 2021**

Description	Fair value £	Loan value €	Currency	Maturity date
Foreign exchange forward hedge	-	-	EUR	30 December 2020

**30 September 2020**

Description	Fair value £	Loan value €	Currency	Maturity date
Foreign exchange forward hedge	1,487,948	61,100,000	EUR	30 December 2020