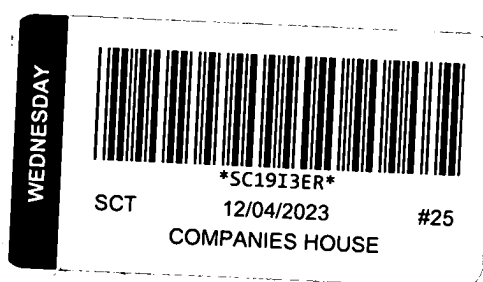


Company registration number SC444462 (Scotland)

NPL GROUP (UK) LTD
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2022



NPL GROUP (UK) LTD

COMPANY INFORMATION

Directors	M McFarlane R McFarlane J Lewsley
Company number	SC444462
Registered office	183 St Vincent Street First Floor Glasgow UK G2 5QD
Auditor	Azets Audit Services Titanium 1 King's Inch Place Renfrew PA4 8WF

NPL GROUP (UK) LTD

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NPL GROUP (UK) LTD

STRATEGIC REPORT

FOR THE YEAR ENDED 31 MARCH 2022

The directors present the strategic report for the year ended 31 March 2022.

Fair review of the business

The group has shown a marked improvement in results in 2022 with a loss of £1.8m against a loss of £13.9m in the previous year. Analysis by division has shown a positive trajectory in the waste and development divisions and a steady expected performance for the landcare and energy divisions.

Trading within the waste division has improved significantly in the current year. Revenue from landfill has increased by £4.8m, the main driving factor of this is strong hazardous waste volumes throughout the year, showing an increase of 60% hazardous tonnages on the previous year while maintaining a steady price point.

Other departments including power benefited from a revaluation exercise in business rates across the whole site.

As expected, as the business recovers from Covid delays in 2020 and 2021 numerous development projects progressed well, many moved closer to completion and several concluded. This has resulted in a successful year for the development division, with the land sales that settled in the year bringing in a revenue of £2.8m.

Overall the directors are pleased with the results for the year, which show a large improvement on the previous years results. As the UK society and our economy has begun to emerge from the unprecedented challenges presented by COVID the Group is starting to see the recovery from this and expect this to continue into the future.

Principal risks and uncertainties

The aftermath of COVID continues to have an impact on the business. Real Estate Deals are taking longer to complete driven in part by backlogs in planning departments and within various regulators who interface with our business. It is expected that these factors will diminish through time.

There is no bank debt within the Development Division, so the directors consider that the business remains resilient and is well positioned for the future.

The Waste Division benefits from a long-established banking relationship and net debts are on a downward trajectory.

Development and performance

We continue to invest in our energy businesses and have secured planning permission for the largest approved but not yet built gas storage facility in the UK. The directors expect energy deals to contribute to profitability in the short to medium term.

We have recently secured a new gas contract within the waste division of the group which secures power revenues through to 2025. This will result in an increase in the range of 70%-250% on current pricing and ensures a good basis for future trading and development.

Our portfolio of sites within the landcare division is continually expanding and we have a program over the next few years of taking on and maintaining more sites. The management are in negotiations with several house developers to add to this program and increase our holding over the next few years.

There are several promising land deals in discussion and the directors continue to strive for the best results for the group when marketing the portfolio held within the development division.

Key performance indicators

The group balance sheet remains strong with £59.1m (2021: £60.9m) of net assets and £41.2m (2021: £42.3m) of net current assets at the year end.

NPL GROUP (UK) LTD

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2022

Other information and explanations

Events after the balance sheet date

Since 31 March 2022 the business has completed the selective divestment of a number of waste assets in the Material Recovery Facility at Avondale.

We have also taken the opportunity to dispose of our waste business Whitehead Restoration Limited in July 2022.

We continue to invest in our energy business and have secured planning permission for the largest approved but not yet built gas storage facility in the UK.

S172 statement

Promoting the success of the group

The directors of the group believe that they have acted in the way they consider to be both in good faith and would be most likely to promote the success of the group for the benefit of its members as a whole. The duties of the directors are detailed in section 172 of the UK Companies Act 2006 which is summarised as follows:

A director of a company must act in the way they consider, in good faith, would be most likely to promote the success of the company for the benefit of its shareholders as a whole and, in doing so have regard (amongst other matters) to:

- The likely consequences of any decisions in the long-term;
- The interests of the company's employees;
- The need to foster the company's business relationships with suppliers, customers and others;
- The impact of the company's operations on the community and environment;
- The desirability of the company maintaining a reputation for high standards of business conduct; and
- The need to act fairly as between shareholders of the company.

Business conduct and relationships

We understand the importance of engaging with all of our stakeholders and the directors regularly discuss issues concerning employees, clients, suppliers, community and environment, health and safety and shareholders which inform our decision making processes. The directors are aware that their strategic decisions can have long term implications for the business and its stakeholders, and these implications are carefully assessed.

We aim to build positive working relationships and partnerships with customers and suppliers. We work hard to develop and maintain these relationships as they are central to our sustainable business ethos. Our aim is to build strong stable long term working relationships with them and to be fair and transparent in all our dealings.

Employees

We believe the core strength of the company is its people and we are committed to being a responsible business and employer. The company aims to recruit, develop, motivate and retain the best talent. For the business to succeed we need to engage and enable our people to perform at their best, develop their skills and capabilities, while ensuring we operate as efficiently and productively as possible.

On behalf of the board

J Lewsley
Director

Date: 6 April 2022

NPL GROUP (UK) LTD

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 MARCH 2022

The directors present their annual report and financial statements for the year ended 31 March 2022.

Principal activities

The principal activity of the company and group continued to be that of a full cycle land remediation and development business, incorporating landcare and waste management divisions. We acquire sites, remediate them and bring them back into economic use.

Our waste management division operates a landfill site, including exploitation of the landfill gas produced by the deposited waste to generate renewable electricity for export to the National Grid.

Results and dividends

The results for the year are set out on page 9.

No ordinary dividends were paid. The directors do not recommend payment of a further dividend.

Directors

The directors who held office during the year and up to the date of signature of the financial statements were as follows:

M McFarlane

R McFarlane

S Towers

J Lewsley

(Resigned 30 June 2021)

Future developments

The development business continues to generate opportunities to monetise existing sites and acquire new sites.

Changes in presentation of the financial statements

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 Important events after the year end.

Auditor

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

NPL GROUP (UK) LTD

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2022

<i>Energy consumption</i>	kWh
Aggregate of energy consumption in the year	9,205,777

<i>Emissions of CO2 equivalent</i>	Metric tonnes	Metric tonnes
Scope 1 - direct emissions		
- Gas combustion	465.44	
- Fuel consumed for owned transport	869.20	
	<hr/>	1,334.64
Scope 2 - indirect emissions		
- Electricity purchased		708.81
Scope 3 - other indirect emissions		
- Fuel consumed for transport not owned by the company		43.11
		<hr/>
Total gross emissions		2,086.56

<i>Intensity ratio</i>	
Tonnes CO2e per £m Turnover	0.02

Quantification and reporting methodology

The group has followed the 2019 HM Government Environmental Reporting Guidelines. The group has also used the GHG Reporting Protocol – Corporate Standard and have used the 2020 UK Government's Conversion Factors for Company Reporting

Intensity measurement

The chosen intensity measurement ratio is total gross emissions in metric tonnes CO2e per £m turnover, as set out in annex F of the 2019 HM Government Environmental Reporting Guidelines.

Measures taken to improve energy efficiency

The landfill site run through our waste division continues to manage and maximise the methane gas collection from the deposited waste streams to both ensure potentially harmful methane does not escape into the atmosphere whilst generating useful electricity from this renewable source. In the year to 31 March 2022 gas output produced by the group and passed to the National Grid was 40,112,000kWh, which is well in excess of the groups consumption in the year.

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 auditor of the company is unaware. Additionally, the directors individually have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the auditor of the company is aware of that information.

On behalf of the board

J Lewsey
Director

Date:

6 March 2023

NPL GROUP (UK) LTD

DIRECTORS' RESPONSIBILITIES STATEMENT

FOR THE YEAR ENDED 31 MARCH 2022

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). 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 company, and of the profit or loss of the group for that period. In preparing these financial statements, the directors are required to:

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

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the group's and company's transactions and disclose with reasonable accuracy at any time the financial position of the group and 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 company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

NPL GROUP (UK) LTD

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF NPL GROUP (UK) LTD

Opinion

We have audited the financial statements of NPL Group (UK) Ltd (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 March 2022 which comprise the group income statement, the group statement of comprehensive income, the group statement of financial position, the company statement of financial position, the group statement of changes in equity, the company statement of changes in equity, the group statement of cash flows 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 United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the group's and the parent company's affairs as at 31 March 2022 and of the group's loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report. We are independent of the 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 and parent company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

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

Other information

The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

NPL GROUP (UK) LTD

INDEPENDENT AUDITOR'S REPORT (CONTINUED) TO THE MEMBERS OF NPL GROUP (UK) LTD

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, 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 and 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 and parent company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

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

NPL GROUP (UK) LTD

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF NPL GROUP (UK) LTD

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

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above and on the Financial Reporting Council's website, to detect material misstatements in respect of irregularities, including fraud.

We obtain and update our understanding of the entity, its activities, its control environment, and likely future developments, including in relation to the legal and regulatory framework applicable and how the entity is complying with that framework. Based on this understanding, we identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. This includes consideration of the risk of acts by the entity that were contrary to applicable laws and regulations, including fraud.

In response to the risk of irregularities and non-compliance with laws and regulations, including fraud, we designed procedures which included:

- Enquiry of management and those charged with governance around actual and potential litigation and claims as well as actual, suspected and alleged fraud;
- Assessing the extent of compliance with the laws and regulations considered to have a direct material effect on the financial statements or the operations of the group and parent company through enquiry and inspection;
- Reviewing financial statement disclosures and testing to supporting documentation to assess compliance with applicable laws and regulations;
- Performing audit work over the risk of management bias and override of controls, including testing of journal entries and other adjustments for appropriateness, evaluating the business rationale of significant transactions outside the normal course of business and reviewing accounting estimates for indicators of potential bias.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

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.

Azets Audit Services

Bernadette Higgins
For and on behalf of Azets Audit Services

Chartered Accountants
Statutory Auditor

6 April 2023
.....

Titanium 1
King's Inch Place
Renfrew
PA4 8WF

NPL GROUP (UK) LTD

GROUP INCOME STATEMENT

FOR THE YEAR ENDED 31 MARCH 2022

	Notes	2022 £	2021 £
Turnover	3	45,418,144	37,969,868
Cost of sales		(35,742,323)	(29,404,976)
Gross profit		9,675,821	8,564,892
Administrative expenses		(10,017,024)	(21,873,824)
Other operating income		2,811,142	3,179,166
Royalty settlement	4	(976,065)	-
Operating profit/(loss)	5	1,493,874	(10,129,766)
Interest receivable and similar income	9	(270)	(7)
Interest payable and similar expenses	10	(1,595,629)	(1,442,461)
Fair value gains and losses on investment properties	15	-	(3,088,292)
Loss before taxation		(102,025)	(14,660,526)
Tax on loss	11	(1,676,932)	754,428
Loss for the financial year		(1,778,957)	(13,906,098)
Loss for the financial year is attributable to:			
- Owners of the parent company		(1,778,623)	(13,905,307)
- Non-controlling interests		(334)	(791)
		(1,778,957)	(13,906,098)

NPL GROUP (UK) LTD

GROUP STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 MARCH 2022

	2022 £	2021 £
Loss for the year	(1,778,957)	(13,906,098)
Other comprehensive income	-	-
Total comprehensive income for the year	<u>(1,778,957)</u>	<u>(13,906,098)</u>
Total comprehensive income for the year is attributable to:		
- Owners of the parent company	(1,778,623)	(13,905,307)
- Non-controlling interests	<u>(334)</u>	<u>(791)</u>
	<u>(1,778,957)</u>	<u>(1,396,098)</u>

NPL GROUP (UK) LTD

GROUP STATEMENT OF FINANCIAL POSITION

AS AT 31 MARCH 2022

	Notes	2022 £	£	2021 £	£
Fixed assets					
Goodwill	13	2,017,049		2,241,166	
Other intangible assets	13	12,188,033		13,040,633	
Total intangible assets		14,205,082		15,281,799	
Tangible assets	14	45,894,228		45,752,787	
Investment properties	15	5,985,000		6,685,000	
Investments	16	50		50	
		66,084,360		67,719,636	
Current assets					
Stocks	19	59,795,992		62,137,792	
Debtors	20	16,794,510		13,419,297	
Cash at bank and in hand		2,613,631		1,995,526	
		79,204,133		77,552,615	
Creditors: amounts falling due within one year	21	(37,996,259)		(35,205,079)	
Net current assets		41,207,874		42,347,536	
Total assets less current liabilities		107,292,234		110,067,172	
Creditors: amounts falling due after more than one year	22	(41,510,751)		(43,077,361)	
Provisions for liabilities					
Provisions	25	3,245,469		3,103,740	
Deferred tax liability	26	3,408,785		2,979,885	
		(6,654,254)		(6,083,625)	
Net assets		59,127,229		60,906,186	
Capital and reserves					
Called up share capital	28	25,102,169		25,102,169	
Share premium account		3,897,931		3,897,931	
Other reserve		-		567,000	
Profit and loss reserves		30,133,485		31,345,108	
Equity attributable to owners of the parent company		59,133,585		60,912,208	
Non-controlling interests		(6,356)		(6,022)	
		59,127,229		60,906,186	

NPL GROUP (UK) LTD

GROUP STATEMENT OF FINANCIAL POSITION (CONTINUED)

AS AT 31 MARCH 2022

The financial statements were approved by the board of directors and authorised for issue on 6/4/23 and are signed on its behalf by:

.....
J Lewsley
Director



NPL GROUP (UK) LTD

COMPANY STATEMENT OF FINANCIAL POSITION

AS AT 31 MARCH 2022

		2022		2021	
	Notes	£	£	£	£
Fixed assets					
Investments	16	54,583,011		54,583,011	
Current assets					
Debtors	20	4,486,054		4,499,599	
Cash at bank and in hand		5,134		2,572	
		<u>4,491,188</u>		<u>4,502,171</u>	
Creditors: amounts falling due within one year	21	<u>(184,774)</u>		<u>(182,610)</u>	
Net current assets		<u>4,306,414</u>		<u>4,319,561</u>	
Net assets		<u>58,889,425</u>		<u>58,902,572</u>	
Capital and reserves					
Called up share capital	28	25,102,169		25,102,169	
Share premium account		3,897,931		3,897,931	
Profit and loss reserves		<u>29,889,325</u>		<u>29,902,472</u>	
Total equity		<u>58,889,425</u>		<u>58,902,572</u>	

As permitted by s408 Companies Act 2006, the company has not presented its own profit and loss account and related notes. The company's loss for the year was £13,147 (2021 - £15,461,097 loss).

The financial statements were approved by the board of directors and authorised for issue on and are signed on its behalf by: *6 April 2022*

.....
J Lewsley
Director

Company Registration No. SC444462

NPL GROUP (UK) LTD

GROUP STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2022

	Share capital £	Share premium account £	Revaluation reserve £	Profit and loss reserves £	Total controlling interest £	Non- controlling interest £	Total £
Balance at 1 April 2020	25,000,100	-	-	45,817,415	70,817,515	(5,231)	70,812,284
Year ended 31 March 2021:							
Loss and total comprehensive income for the year	-	-	-	(13,905,307)	(13,905,307)	(791)	(13,906,098)
Issue of share capital	102,069	3,897,931	-	-	4,000,000	-	4,000,000
Other movements	-	-	567,000	(567,000)	-	-	-
Balance at 31 March 2021	25,102,169	3,897,931	567,000	31,345,108	60,912,208	(6,022)	60,906,186
Year ended 31 March 2022:							
Loss and total comprehensive income for the year	-	-	-	(1,778,623)	(1,778,623)	(334)	(1,778,957)
Transfers	-	-	(567,000)	567,000	-	-	-
Balance at 31 March 2022	25,102,169	3,897,931	-	30,133,485	59,133,585	(6,356)	59,127,229

NPL GROUP (UK) LTD

COMPANY STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2022

	Share capital £	Share premium account £	Profit and loss reserves £	Total £
Balance at 1 April 2020	25,000,100	-	45,363,569	70,363,669
Year ended 31 March 2021:				
Loss and total comprehensive income for the year	-	-	(15,461,097)	(15,461,097)
Issue of share capital	102,069	3,897,931	-	4,000,000
Balance at 31 March 2021	25,102,169	3,897,931	29,902,472	58,902,572
Year ended 31 March 2022:				
Loss and total comprehensive income for the year	-	-	(13,147)	(13,147)
Balance at 31 March 2022	25,102,169	3,897,931	29,889,325	58,889,425

NPL GROUP (UK) LTD

GROUP STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH 2022

	Notes	2022 £	£	2021 £	£
Cash flows from operating activities					
Cash generated from operations	34	5,368,679		7,913,395	
Interest paid		(901,475)		(772,749)	
Income taxes paid		(155,485)		(5,184)	
Net cash inflow from operating activities		4,311,719		7,135,462	
Investing activities					
Cash balance acquired		-		4,930	
Purchase of tangible fixed assets		(1,973,506)		(413,089)	
Proceeds on disposal of tangible fixed assets		14,999		-	
Proceeds on disposal of investment property		604,800		-	
Interest received		(270)		(7)	
Net cash used in investing activities		(1,353,977)		(408,166)	
Financing activities					
Repayment of borrowings		(505,561)		(2,732,209)	
Repayment of bank loans		(1,571,398)		(1,375,000)	
Payment of finance leases obligations		(102,633)		(123,986)	
Net cash used in financing activities		(2,179,592)		(4,231,195)	
Net increase in cash and cash equivalents		778,150		2,496,101	
Cash and cash equivalents at beginning of year		883,976		(1,612,125)	
Cash and cash equivalents at end of year		1,662,126		883,976	
Relating to:					
Cash at bank and in hand		2,613,631		1,995,526	
Bank overdrafts included in creditors payable within one year		(951,505)		(1,111,550)	

NPL GROUP (UK) LTD

NOTES TO THE GROUP FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

1 Accounting policies

Company information

NPL Group (UK) Ltd ("the company") is a private limited company domiciled and incorporated in Scotland. The registered office is 183 St Vincent Street, First Floor, Glasgow, UK, G2 5QD.

The group consists of NPL Group (UK) Ltd and all of its subsidiaries.

1.1 Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006.

The financial statements are prepared in sterling, which is the functional currency of the group. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared under the historical cost convention, modified to include the revaluation of freehold properties and to include investment properties and certain financial instruments at fair value. The principal accounting policies adopted are set out below.

1.2 Basis of consolidation

The consolidated group financial statements consist of the financial statements of the parent company, NPL Group (UK) Ltd, together with all entities controlled by the parent company (its subsidiaries) and the group's share of its interests in joint ventures and associates.

All financial statements are made up to 31 March 2022. Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by other members of the group.

All intra-group transactions, balances and unrealised gains on transactions between group companies are eliminated on consolidation. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

Entities in which the group holds an interest and which are jointly controlled by the group and one or more other venturers under a contractual arrangement are treated as joint ventures. Entities other than subsidiary undertakings or joint ventures, in which the group has a participating interest and over whose operating and financial policies the group exercises a significant influence, are treated as associates.

Investments in joint ventures and associates are carried in the group statement of financial position at cost plus post-acquisition changes in the group's share of the net assets of the entity, less any impairment in value. The carrying values of investments in joint ventures and associates include acquired goodwill.

If the group's share of losses in a joint venture or associate equals or exceeds its investment in the joint venture or associate, the group does not recognise further losses unless it has incurred obligations to do so or has made payments on behalf of the joint venture or associate.

Unrealised gains arising from transactions with joint ventures and associates are eliminated to the extent of the group's interest in the entity.

NPL GROUP (UK) LTD

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2022

1 Accounting policies

(Continued)

1.3 Going concern

At the time of approving the financial statements, the directors have a reasonable expectation that the group has adequate resources to continue in operational existence for the foreseeable future. Thus the directors continue to adopt the going concern basis of accounting in preparing the financial statements.

The directors are required to prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group will continue in business. In satisfaction of this responsibility the directors have considered the group's ability to meet its liabilities as they fall due.

Management information tools, including budgets and cashflows, are used to monitor and manage current and future liquidity, at a company level and at a group wide level. The directors have undertaken a recent and thorough review of the company and group forecast's and the associated risks for a period beyond twelve months from the date of the approval of these financial statements. These forecasts have been duly sensitised to illustrate the impact of variations in key assumptions and on this basis, the directors are satisfied that the forecasts demonstrate that the company and group will continue to operate within its existing working capital facilities. All group companies will continue to support its fellow subsidiaries as necessary for a period of at least 12 months from the date of approval of these financial statements.

1.4 Turnover

Turnover is recognised at the fair value of the consideration received or receivable for goods and services provided in the normal course of business, and is shown net of VAT and other sales related taxes. The fair value of consideration takes into account trade discounts, settlement discounts and volume rebates.

When cash inflows are deferred and represent a financing arrangement, the fair value of the consideration is the present value of the future receipts. The difference between the fair value of the consideration and the nominal amount received is recognised as interest income.

Waste division turnover represents the invoiced value of waste streams processed, the value of electricity generated and other goods and services provided including landfill tax but excluding VAT and other sales taxes. Turnover from the sale of electricity generated is recognised at the point the electricity is supplied to the National Grid. Turnover from the processing of waste streams is recognised when the waste material has been deposited into the landfill.

Turnover from the landcare division comes primarily from supplying facility management services, supplying rental space, utilities, repairs and general supply of facility services.

1.5 Intangible fixed assets - goodwill

Goodwill represents the excess of the cost of acquisition of a business over the fair value of net assets acquired. It is initially recognised as an asset at cost and is subsequently measured at cost less accumulated amortisation and accumulated impairment losses. Goodwill is considered to have a finite useful life and is amortised on a systematic basis over its expected life, which for these entities is 10 years.

For the purposes of impairment testing, goodwill is allocated to the cash-generating units expected to benefit from the acquisition. Cash-generating units to which goodwill has been allocated are tested for impairment at least annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit.

NPL GROUP (UK) LTD

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2022

1 Accounting policies

(Continued)

1.6 Intangible fixed assets other than goodwill

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 entity and the fair 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 entity.

Amortisation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Gas reserves	5% straight line
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1.7 Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Freehold land and buildings	Land - nil Buildings - 2%
Improvements to property	20% straight line
Plant and equipment	2.5%-33% straight line
Fixtures and fittings	20% straight line - 25% reducing balance
Computers	33% straight line
Motor vehicles	25% straight line
Landfill site	5% straight line
Waste recycling facility	2.5%-10% straight line

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is recognised in the income statement.

Revaluation gains and losses are recognised in other comprehensive income and accumulated in equity, except to the extent that a revaluation gain reverses a revaluation loss previously recognised in profit or loss or a revaluation loss exceeds the accumulated revaluation gains recognised in equity; such gains and loss are recognised in profit or loss.

1.8 Investment properties

Investment property, which is property held to earn rentals and/or for capital appreciation, is initially recognised at cost, which includes the purchase cost and any directly attributable expenditure. Subsequently it is measured at fair value at the reporting end date. Changes in fair value are recognised in profit or loss.

1.9 Fixed asset investments

Equity investments are measured at fair value through profit or loss, except for those equity investments that are not publicly traded and whose fair value cannot otherwise be measured reliably, which are recognised at cost less impairment until a reliable measure of fair value becomes available.

In the parent company financial statements, investments in subsidiaries, associates and jointly controlled entities are initially measured at cost and subsequently measured at cost less any accumulated impairment losses.

NPL GROUP (UK) LTD

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2022

1 Accounting policies

(Continued)

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

An associate is an entity, being neither a subsidiary nor a joint venture, in which the company holds a long-term interest and where the company has significant influence. The group considers that it has significant influence where it has the power to participate in the financial and operating decisions of the associate.

Investments in associates are initially recognised at the transaction price (including transaction costs) and are subsequently adjusted to reflect the group's share of the profit or loss, other comprehensive income and equity of the associate using the equity method. Any difference between the cost of acquisition and the share of the fair value of the net identifiable assets of the associate on acquisition is recognised as goodwill. Any unamortised balance of goodwill is included in the carrying value of the investment in associates.

Losses in excess of the carrying amount of an investment in an associate are recorded as a provision only when the company has incurred legal or constructive obligations or has made payments on behalf of the associate.

In the parent company financial statements, investments in associates are accounted for at cost less impairment.

Entities in which the group has a long term interest and shares control under a contractual arrangement are classified as jointly controlled entities.

1.10 Impairment of fixed assets

At each reporting period end date, the group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

The carrying amount of the investments accounted for using the equity method is tested for impairment as a single asset. Any goodwill included in the carrying amount of the investment is not tested separately for impairment.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

NPL GROUP (UK) LTD

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2022

1 Accounting policies

(Continued)

1.11 Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the stocks to their present location and condition.

The group holds Stock which is land held for development and held at deemed cost or fair value.

At each reporting date, an assessment is made for impairment. Any excess of the carrying amount of stocks over its estimated selling price less costs to complete and sell is recognised as an impairment loss in profit or loss. Reversals of impairment losses are also recognised in profit or loss.

1.12 Cash and cash equivalents

Cash and cash equivalents are basic financial assets and include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

1.13 Financial instruments

The group has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the group's statement of financial position when the group becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset and the net amounts presented in the financial statements when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Basic financial assets

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

Impairment of financial assets

Financial assets, other than those held at fair value through profit and loss, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been, had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

Derecognition of financial assets

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the group transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

NPL GROUP (UK) LTD

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2022

1 Accounting policies

(Continued)

Classification of financial liabilities

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.

Basic financial liabilities

Basic financial liabilities, including creditors, bank loans, loans from fellow group companies and preference shares that are classified as debt, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Derecognition of financial liabilities

Financial liabilities are derecognised when the group's contractual obligations expire or are discharged or cancelled.

1.14 Equity instruments

Equity instruments issued by the group are recorded at the proceeds received, net of transaction costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the group.

1.15 Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the income statement 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 liabilities are generally recognised for all timing differences and deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Such assets and liabilities are not recognised if the timing 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 income statement, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset if, and only if, there is 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.

NPL GROUP (UK) LTD

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2022

1 Accounting policies

(Continued)

1.16 Provisions

Provisions are recognised when the group has a legal or constructive present obligation as a result of a past event, it is probable that the group will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting end date, taking into account the risks and uncertainties surrounding the obligation. Where the effect of the time value of money is material, the amount expected to be required to settle the obligation is recognised at present value. When a provision is measured at present value, the unwinding of the discount is recognised as a finance cost in profit or loss in the period in which it arises.

Aftercare and restoration provision

Provision for the cost of restoring the landfill site is made as the obligation to restore the site arises. Costs are charged to the profit and loss account over the operational life on the basis of the usage of void space in the landfill site. The restoration obligation is typically fulfilled within 2 years of the landfill site being closed to waste.

Provision is made for the net present value of post closure costs based on the quantity of waste deposited in the year. Similar costs incurred during the operating life of the sites are written off directly to the profit and loss account and not charged to the provision.

The long term provision for restoration is calculated based on future costs, using an inflation rate of 2% and discounting at 5-6%. The effects of inflation and unwinding of the discount element of the provision are reflected within the financial statements as a finance charge.

1.17 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 stock or fixed 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 company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

1.18 Retirement benefits

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

1.19 Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessees. All other leases are classified as operating leases.

Assets held under finance leases are recognised as assets at the lower of the assets fair value at the date of inception and the present value of the minimum lease payments. The related liability is included in the statement of financial position as a finance lease obligation. Lease payments are treated as consisting of capital and interest elements. The interest is charged to profit or loss so as to produce a constant periodic rate of interest on the remaining balance of the liability.

Rentals payable under operating leases, including any lease incentives received, are charged to profit or loss on a straight line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

Rental income from operating leases is recognised on a straight line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight line basis over the lease term.

NPL GROUP (UK) LTD

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2022

1 Accounting policies

(Continued)

1.20 Government grants

Government grants are recognised at the fair value of the asset received or receivable when there is reasonable assurance that the grant conditions will be met and the grants will be received.

Government grants relating to turnover are recognised as income over the periods when the related costs are incurred. Grants relating to an asset are recognised in income systematically over the asset's expected useful life. If part of such a grant is deferred it is recognised as deferred income rather than being deducted from the asset's carrying amount.

1.21 Foreign exchange

Transactions in currencies other than pounds sterling are recorded at the rates of exchange prevailing at the dates of the transactions. At each reporting end date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the reporting end date. Gains and losses arising on translation in the period are included in profit or loss.

2 Judgements and key sources of estimation uncertainty

In the application of the group's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

Critical judgements

The following judgements (apart from those involving estimates) have had the most significant effect on amounts recognised in the financial statements.

Fair Value of Investment Property

The valuation of the group's investment property is inherently subjective due to, among other factors, the nature of the property, its location and the expected future revenues from that particular property. As a result, the valuations the group places on its investment property are subject to a degree of uncertainty and are made on the basis of assumptions which may not prove to be accurate, particularly in periods of volatility or low transaction flow in the property market.

The fair value of investment property is appraised each year either by independent external valuers or on the basis of internal valuations. The best evidence of fair value is current prices in an active market for similar investment property. In the absence of such information the directors determine the amount within a range of reasonable fair value estimate, taking into account such assumptions as the tenure and tenancy details, ground conditions, the structural condition, prevailing market yields and comparable market transactions.

NPL GROUP (UK) LTD

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2022

2 Judgements and key sources of estimation uncertainty

(Continued)

Key sources of estimation uncertainty

The estimates and assumptions which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities are as follows.

Release of deferred income

Deferred income received by the landcare division relates to income received when a completed site transfers to it, this income is intended to cover future costs of maintaining the site. On this basis the directors have elected to release the income to the income statement over a period of 10-15 years depending on the profile of expected future costs.

The landcare division continues to receive ongoing annual income in relation to these sites which goes towards any future costs out with this 10-15 year release period.

Deferred income received across the group in relation to remediation sites is released to the income statement in line with the maintenance costs incurred on the site.

Directors Valuation of Land

The directors assess the fair value of freehold land on an annual basis, taking into consideration the latest formal valuation, knowledge of the industry and changes in the market, to determine if the carrying value remains appropriate.

Environmental and Landfill restoration provisions

Environmental control and aftercare costs are incurred during the operational life of the landfill site and for a considerable period thereafter.

The period of aftercare post-closure and the level of costs expected are uncertain. Key factors are the type of waste, the speed at which it decomposes, the volume of leachate requiring treatment and regulatory requirements specific to the site.

The amounts expected to be incurred are based on landfill site operating levels, taking account of the anticipated decline in landfill activity. The provisions are based on the latest assumptions reflecting recent historic data and the future cost estimates.

The aftercare provision is particularly sensitive to the estimated volumes of leachate and their associated cost, together with the discount rate used to establish the provision.

The provisions are recognised in the financial statements at the net present value of the estimated future expenditure required to settle the group's obligations. A discount rate is applied to recognise the time value of money and is unwound over the life of the provision. This is included in the profit and loss account as a financial item within finance costs.

The group assumes an aftercare period of 30 years in calculating provision values. This is considered reasonable by management, is comparable to peers in the waste business and is consistent with Environment Agency bond periods.

Gas reserves and power generation

The group has used simulation models to predict the future gas generation within the landfill. Estimates used in the gas simulation model include future waste tonnages and composition, together with decomposition rates. Future power generation is based on these models whilst also considering current power generation levels.

NPL GROUP (UK) LTD

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2022

3 Turnover and other revenue

	2022	2021
	£	£
Turnover analysed by class of business		
Waste Streams Processed	32,757,540	27,979,332
Renewable Electricity generation	3,297,298	4,363,779
Restoration Soils & Mineral extraction	2,173,182	2,027,999
Facilities Management Income	3,147,716	2,665,459
Landcare and Maintenance	418,030	396,454
Leases, Licences & Royalties	719,333	417,898
Machinery hire & Sundries	121,712	118,947
Land sales	2,783,333	-
	<u>45,418,144</u>	<u>37,969,868</u>

	2022	2021
	£	£
Other revenue		
Interest income	(270)	(7)
Royalty income	14	-
Grants received	-	114,426
	<u>-</u>	<u>114,426</u>

4 Royalty settlement

	2022	2021
	£	£
Expenditure		
Royalty settlement	<u>976,065</u>	<u>-</u>

This relates to a non-recurring settlement of contractual royalties, including associated legal fees, arising on misinterpretation of the contract.

Additionally interest of £87,241 has been incurred on the above balance and is recognised within interest costs in the profit and loss account. The total costs during the year are £1,063,306.

NPL GROUP (UK) LTD

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2022

5 Operating profit/(loss)

	2022	2021
	£	£
Operating profit/(loss) for the year is stated after charging/(crediting):		
Exchange differences apart from those arising on financial instruments measured at fair value through profit or loss	106	-
Government grants	-	(114,426)
Depreciation of owned tangible fixed assets	1,340,485	2,137,845
Depreciation of tangible fixed assets held under finance leases	131,579	132,585
Impairment of owned tangible fixed assets	360,000	8,620,005
Profit on disposal of tangible fixed assets	(14,999)	(17,511)
Loss on disposal of investment property	95,200	-
Amortisation of intangible assets	1,076,717	852,600
Impairment of intangible assets	389,278	-
Operating lease charges	52,075	46,925

6 Auditor's remuneration

	2022	2021
	£	£
Fees payable to the company's auditor and associates:		
For audit services		
Audit of the financial statements of the group and company	33,000	30,000
Audit of the financial statements of the company's subsidiaries	165,000	150,000
	198,000	180,000
For other services		
Taxation compliance services	40,000	42,000
Fees payable to other auditors for the audit of the company's subsidiaries	15,000	-

7 Employees

The average monthly number of persons (including directors) employed by the group and company during the year was:

	Group 2022 Number	2021 Number	Company 2022 Number	2021 Number
Administration / Management	28	30	-	-
Direct staff	36	31	-	-
Total	64	61	-	-

NPL GROUP (UK) LTD

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2022

7 Employees

(Continued)

Their aggregate remuneration comprised:

	Group 2022 £	2021 £	Company 2022 £	2021 £
Wages and salaries	3,030,929	2,872,045	-	-
Social security costs	351,408	281,024	-	-
Pension costs	43,346	62,455	-	-
	<u>3,425,683</u>	<u>3,215,524</u>	<u>-</u>	<u>-</u>

8 Directors' remuneration

	2022 £	2021 £
Remuneration for qualifying services	508,589	428,000
Company pension contributions to defined contribution schemes	440	1,313
	<u>509,029</u>	<u>429,313</u>

Remuneration disclosed above includes the following amounts paid to the highest paid director:

	2022 £	2021 £
Remuneration for qualifying services	<u>240,000</u>	<u>240,000</u>

The number of directors for whom retirement benefits are accruing under defined contribution schemes amounted to 1 (2021: 1)

9 Interest receivable and similar income

	2022 £	2021 £
Interest income		
Interest on bank deposits	<u>(270)</u>	<u>(7)</u>

Investment income includes the following:

Interest on financial assets not measured at fair value through profit or loss	<u>(270)</u>	<u>(7)</u>
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NPL GROUP (UK) LTD

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2022

10 Interest payable and similar expenses

	2022 £	2021 £
Interest on financial liabilities measured at amortised cost:		
Interest on bank overdrafts and loans	700,014	747,223
Other interest on financial liabilities	434,757	333,775
	<u>1,134,771</u>	<u>1,080,998</u>
Other finance costs:		
Interest on finance leases and hire purchase contracts	20,609	24,308
Unwinding of discount on provisions	352,734	335,937
Other interest	87,515	1,218
	<u>1,595,629</u>	<u>1,442,461</u>

11 Taxation

	2022 £	2021 £
Current tax		
UK corporation tax on profits for the current period	1,260,405	(5,448)
Adjustments in respect of prior periods	(12,373)	(41,037)
	<u>1,248,032</u>	<u>(46,485)</u>
Deferred tax		
Origination and reversal of timing differences	(475,634)	(743,665)
Changes in tax rates	933,945	35,722
Adjustment in respect of prior periods	(29,411)	-
	<u>428,900</u>	<u>(707,943)</u>
Total tax charge/(credit)	<u>1,676,932</u>	<u>(754,428)</u>

NPL GROUP (UK) LTD

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2022

11 Taxation

(Continued)

The actual charge/(credit) for the year can be reconciled to the expected credit for the year based on the profit or loss and the standard rate of tax as follows:

	2022 £	2021 £
Loss before taxation	(102,025)	(14,660,526)
Expected tax credit based on the standard rate of corporation tax in the UK of 19.00% (2021: 19.00%)	(19,385)	(2,785,500)
Tax effect of expenses that are not deductible in determining taxable profit	402,556	7,067,558
Tax effect of income not taxable in determining taxable profit	(113,826)	(6,450,962)
Gains not taxable	-	(551,053)
Adjustments in respect of prior years	(12,373)	(41,037)
Other permanent differences	-	(371,416)
Deferred tax adjustments in respect of prior years	(29,411)	-
Adjustments to brought forward balances	-	3,660,374
Fixed Asset differences	31,688	37,907
Movement in deferred tax not recognised	8,618,917	(1,283,988)
Other movements	-	(36,311)
Capital gains/(losses)	(90,415)	-
Remeasurement of deferred tax to changes in tax rates	(8,503,338)	-
Other movement - deferred tax	1,392,519	-
Taxation charge/(credit)	1,676,932	(754,428)

12 Impairments

Impairment tests have been carried out where appropriate and the following impairment losses have been recognised in profit or loss:

	Notes	2022 £	2021 £
In respect of:			
Goodwill	13	389,278	-
Property, plant and equipment	14	360,000	8,620,005
Recognised in:			
Administrative expenses		749,278	8,620,005

The impairment losses in respect of financial assets are recognised in other gains and losses in the income statement.

NPL GROUP (UK) LTD

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2022

13 Intangible fixed assets

Group	Goodwill £	Gas reserves £	Total £
Cost			
At 1 April 2021	2,241,166	14,001,620	16,242,786
Other movements	389,278	-	389,278
At 31 March 2022	2,630,444	14,001,620	16,632,064
Amortisation and impairment			
At 1 April 2021	-	960,987	960,987
Amortisation charged for the year	224,117	852,600	1,076,717
Impairment losses	389,278	-	389,278
At 31 March 2022	613,395	1,813,587	2,426,982
Carrying amount			
At 31 March 2022	2,017,049	12,188,033	14,205,082
At 31 March 2021	2,241,166	13,040,633	15,281,799

The company had no intangible fixed assets at 31 March 2022 or 31 March 2021.

Gas reserves were valued in June 2016 by Billfinger GVA, International Property Advisers and this value as written down by the previous parent, is deemed an appropriate estimate of fair value at the date of acquisition.

NPL GROUP (UK) LTD

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2022

14 Tangible fixed assets

Group	Freehold land and buildings	Improvements to property	Plant and equipment	Fixtures and fittings	Computers	Motor vehicles	Landfill site	Waste recycling facility	Total
	£	£	£	£	£	£	£	£	£
Cost or valuation									
At 1 April 2021	35,681,106	101,767	9,609,369	22,142	6,215	136,093	1,304,535	10,077,252	56,938,479
Additions	1,385,218	-	316,821	6,800	-	15,371	249,296	-	1,973,506
Disposals	-	-	(33,988)	-	-	-	-	-	(33,988)
At 31 March 2022	37,066,324	101,767	9,892,202	28,942	6,215	151,464	1,553,831	10,077,252	58,877,997
Depreciation and impairment									
At 1 April 2021	137,663	101,767	859,588	9,675	2,142	45,346	512,993	9,516,518	11,185,692
Depreciation charged in the year	118,396	-	753,000	4,530	1,613	41,735	514,293	38,497	1,472,064
Impairment losses	360,000	-	-	-	-	-	-	-	360,000
Eliminated in respect of disposals	-	-	(33,987)	-	-	-	-	-	(33,987)
At 31 March 2022	616,059	101,767	1,578,601	14,205	3,755	87,081	1,027,286	9,555,015	12,983,769
Carrying amount									
At 31 March 2022	36,450,265	-	8,313,601	14,737	2,460	64,383	526,545	522,237	45,894,228
At 31 March 2021	35,543,443	-	8,749,781	12,467	4,073	90,747	791,542	560,734	45,752,787

The company had no tangible fixed assets at 31 March 2022 or 31 March 2021.

NPL GROUP (UK) LTD

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2022

The net carrying value of tangible fixed assets includes the following in respect of assets held under finance leases or hire purchase contracts.

	Group 2022 £	2021 £	Company 2022 £	2021 £
Plant and equipment	34,589	122,806	-	-
Motor vehicles	51,855	90,748	-	-
	<u>86,444</u>	<u>213,554</u>	<u>-</u>	<u>-</u>

More information on impairment movements in the year is given in note 12.

Freehold land with a carrying value of £2,686,416 was valued on a fair value basis by Bilfinger GVA in June 2016. In the opinion of the Directors this valuation remains an appropriate estimate of fair value as at 31 March 2022.

Freehold land with a carrying value of £2,860,000 has been impaired down by £360,000 to £2,500,000 by the directors based on the market value agreed as part of a post year end sale as covered in note 30. The directors are satisfied that this reflects the fair value as at 31 March 2022.

Land & buildings carried at valuation of £5,186,416 (2021: £5,502,316) would, if measured using the cost model, be carried at values as follows:

	2022 £	2021 £
Group Cost	<u>218,177</u>	<u>218,177</u>

15 Investment property

	Group 2022 £	Company 2022 £
Fair value		
At 1 April 2021 and 31 March 2022	6,685,000	-
Disposals	(700,000)	-
At 31 March 2022	<u>5,985,000</u>	<u>-</u>

The group holds several investment properties, information relating to these properties as follows.

Investment property to the value of £2,845,000 was valued by Colliers International, who are not connected with the group, as at 31 March 2021. If investment property had not been revalued it would have been included at a cost of £1. The directors consider the values assigned by Colliers to remain appropriate as at 31 March 2022.

Investment property to the value of £3,140,000 was valued by the directors on 31 March 2021. The directors have reviewed this value and consider it to remain an appropriate estimate of the property's fair value as at 31 March 2022. On 9th May 2022 the group sold this investment property at its carrying value of £3,140,000.

NPL GROUP (UK) LTD

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2022

16 Fixed asset investments

	Notes	Group 2022 £	2021 £	Company 2022 £	2021 £
Investments in subsidiaries	17	-	-	54,583,011	54,583,011
Investments in associates	18	50	50	-	-
		<u>50</u>	<u>50</u>	<u>54,583,011</u>	<u>54,583,011</u>

Movements in fixed asset investments Group

	Shares in associates £
Cost or valuation	
At 1 April 2021 and 31 March 2022	<u>50</u>
Carrying amount	
At 31 March 2022	<u>50</u>
At 31 March 2021	<u>50</u>

Movements in fixed asset investments Company

	Shares in subsidiaries £
Cost or valuation	
At 1 April 2021 and 31 March 2022	<u>54,583,011</u>
Carrying amount	
At 31 March 2022	<u>54,583,011</u>
At 31 March 2021	<u>54,583,011</u>

NPL GROUP (UK) LTD

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2022

17 Subsidiaries

Details of the company's subsidiaries at 31 March 2022 are as follows:

Name of undertaking		Address	Nature of business	Class of	% Held	
				shares held	Direct	Indirect
Registered office addresses (all UK unless otherwise indicated):						
1	Amos Land One LLP	1	Land Development	LLP	100	
2	Amos Land Two LLP	1	Land Development	LLP	100	
3	Amos Three LLP	1	Dormant	LLP	100	
4	Anglesey LNG Limited	3	Professional, scientific & technical activities	Ordinary shares	100	
5	Ardeer Regeneration Limited	1	Land Development	Ordinary shares	100	
6	Avondale Holdings Limited	3	Remediation & waste management	Ordinary shares	100	
7	Avondale Advanced Waste Treatment Limited	3	Remediation activities & waste management services	Ordinary shares	100	
8	Avondale Developments Ltd	3	Dormant	Ordinary shares	100	
9	Avondale Environmental Ltd	3	Remediation & waste management	Ordinary shares	100	
10	BPW Bio Soils Ltd	2	Remediation & waste management	Ordinary Shares	100	
11	Brownfield Land Holdings Limited	2	Land Development	Ordinary shares	100	
12	Cheshire Energy Limited	2	Professional, scientific & technical activities	Ordinary Sahare	100	
13	Cookes Lane Land Limited	2	Buying and selling of own real estate	Ordinary Shares	100	
14	Dragon Power Developments Limited	3	Professional, scientific & technical activities	Ordinary Shares	100	
15	Fureys Limited	2	Land Development	Ordinary shares	100	
16	Fylde Water Company Limited	2	Land Development	Ordinary Shares	100	
17	Griffiths Park Land Limited	2	Land Development	Ordinary shares	100	
18	Halite Energy Group Limited	3	Professional, scientific & technical activities	Ordinary Shares	100	
19	Hillhouse Remediation Limited	2	Land Development	Ordinary Shares	100	
20	Irvine Harbour Company	1	Management of real estate	Ordinary & Preference Shares	100	
21	King Street Cheshire (Properties) Ltd	2	Land Development	Ordinary shares	100	
22	King Street Energy (Cheshire) Ltd	2	Land Development	Ordinary shares	100	
23	Landcare (East Manchester) Ltd	2	Land Development	Ordinary shares	100	
24	Landcare (Puriton) Ltd	1	Land Development	Ordinary shares	100	
25	Landcare Redhill Ltd	3	Land Development	Ordinary shares	100	
26	Landcare (Rochdale) Ltd	1	Land Development	Ordinary shares	100	
27	Landcare (Rotherham) Ltd	1	Land Development	Ordinary shares	100	
28	Landcare (Solutions) Ltd	3	Dormant	Ordinary shares	100	
29	Landcare (Manchester) Ltd	1	Land Development	Ordinary shares	100	
30	Landco Two Limited	1	Land Development	Ordinary shares	100	
31	Le-Fylde Estates Ltd	3	Land Development	Ordinary shares	100	
32	NPL PH Clearing Company Ltd	1	Dormant	Ordinary shares	100	
33	NPL Analytical Limited	2	Dormant	Ordinary shares	100	
34	NPL Developments Ltd	2	Holding Company	Ordinary shares	100	
35	NPL Energy Holdings Ltd	2	Holding Company	Ordinary shares	100	
36	NPL Estates Ltd	2	Land Development	Ordinary shares	100	

NPL GROUP (UK) LTD

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2022

17 Subsidiaries

(Continued)

37	NPL Geotechnics Limited	2	Dormant	Ordinary shares	100
38	NPL Landcare Holdings Ltd	1	Holding Company	Ordinary shares	100
39	NPL Landcare Ltd	2	Management of real estate	Ordinary shares	100
40	NPL Waste Management Holdings Ltd	2	Holding Company	Ordinary shares	100
41	NPL Waste Management Limited	2	Remediation & waste management	Ordinary shares	86
42	Oissell Remediation LLP	1	Remediation & waste management	LLP	100
43	P O S Landcare Ltd	1	Management of real estate on a fee or contract basis	Ordinary shares	100
44	Preesall Energy Services Ltd	3	Professional, scientific & technical activities	Ordinary shares	100
45	Preesall Investments Limited	3	Professional, scientific & technical activities	Ordinary shares	100
46	Thornton Facilities Management Limited	2	Management of real estate	Ordinary shares	100
47	UCC Strategic Land Ltd	1	Land Development	Ordinary shares	100
48	Ulverston Canal Co Ltd	1	Land Development	Ordinary shares	100
49	Wheatley Hall Road Land Ltd	2	Dormant	Ordinary shares	100
50	Whitehaven Developments Ltd	1	Land Development	Ordinary shares	100
51	Whitehead Restoration Ltd	2	Remediation & waste management	Ordinary shares	100
52	Wilton Remediation LLP	1	Land Development	LLP	100
53	Winnington Properties Limited	2	Dormant	Ordinary shares	100
54	Wyre Gas Transportation Limited	3	Dormant	Ordinary shares	100
55	Wyre Power Limited	3	Professional, scientific & technical activities	Ordinary shares	100

Key Registered Address

- 1 1st Floor 183 St Vincent Street, Glasgow G2 5QD
- 2 1 St Peters Square, Manchester, M2 3DE
- 3 Po Box 4 Business Centre, Hillhouse International Business Centre, Thornton-Cleveleys FY5 4QD

18 Associates

Details of associates at 31 March 2022 are as follows:

Name of undertaking	Registered office	Nature of business	Class of shares held	% Held Direct
Dickie & Moore Developments Limited	Hillhouse Business Park, Thornton-Cleveleys, FY5 4QD	Land Development	Ordinary Shares	50
PurgoNPL Group Limited	28 Upper Fitzwilliam Street, Dublin 2	Remediation & monetisation of waste residues	Ordinary Shares	50

NPL GROUP (UK) LTD

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2022

19 Stocks

	Group 2022 £	2021 £	Company 2022 £	2021 £
Raw materials and consumables	87,632	139,432	-	-
Land held for development	59,708,360	61,998,360	-	-
	<u>59,795,992</u>	<u>62,137,792</u>	<u>-</u>	<u>-</u>

Stock with a carrying value of £5,650,000 is secured by a fixed and floating charge at the year end.

Stock with a carrying amount of £59,708,360 (2021: £61,998,360) relates to development land held by the group. This land was valued at 31 March 2021 by Colliers International, independent valuers not connected with the group, on the basis of market value. The valuation conforms to International Valuation Standards and was based on recent market transactions on arm's length terms for similar properties.

20 Debtors

	Group 2022 £	2021 £	Company 2022 £	2021 £
Amounts falling due within one year:				
Trade debtors	6,609,935	5,722,859	-	-
Amounts owed by group undertakings	-	-	4,486,007	4,419,368
Amounts owed by undertakings in which the company has a participating interest	59,992	86,123	-	24,023
Other debtors	8,293,361	4,951,940	-	26,448
Prepayments and accrued income	1,831,222	2,658,375	47	29,760
	<u>16,794,510</u>	<u>13,419,297</u>	<u>4,486,054</u>	<u>4,499,599</u>

21 Creditors: amounts falling due within one year

	Notes	Group 2022 £	2021 £	Company 2022 £	2021 £
Bank loans and overdrafts	23	3,094,305	4,236,550	-	-
Obligations under finance leases	24	170,410	116,554	-	-
Trade creditors		2,635,622	4,326,115	48,013	91,297
Amounts owed to group undertakings		-	-	125,559	70,020
Corporation tax payable		1,260,405	167,859	-	-
Other taxation and social security		14,398,503	12,201,783	6,562	-
Other creditors		7,458,068	7,321,536	4,640	21,204
Accruals and deferred income		8,978,946	6,834,682	-	89
		<u>37,996,259</u>	<u>35,205,079</u>	<u>184,774</u>	<u>182,610</u>

Included within other creditors is £1,053,848 (2021:£303,848) due to Shanks Waste Management Limited. Amounts due to Shanks Waste Management Limited are secured by a debenture in Avondale Holdings Limited.

NPL GROUP (UK) LTD

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2022

22 Creditors: amounts falling due after more than one year

	Notes	Group 2022 £	2021 £	Company 2022 £	2021 £
Bank loans and overdrafts	23	26,930,856	26,825,900	-	-
Obligations under finance leases	24	16,656	173,145	-	-
Other borrowings	23	14,020,570	14,526,131	-	-
Other taxation and social security		-	37,359	-	-
Other creditors		542,669	1,514,826	-	-
		<u>41,510,751</u>	<u>43,077,361</u>	<u>-</u>	<u>-</u>

Included within other creditors is nil (2021:£950,000) due to Shanks Waste Management Limited. Amounts due to Shanks Waste Management Limited are secured by a debenture in Avondale Holdings Limited.

23 Loans and overdrafts

		Group 2022 £	2021 £	Company 2022 £	2021 £
Bank loans		29,073,656	29,950,900	-	-
Bank overdrafts		951,505	1,111,550	-	-
Other loans		14,020,570	14,526,131	-	-
		<u>44,045,731</u>	<u>45,588,581</u>	<u>-</u>	<u>-</u>
Payable within one year		3,094,305	4,236,550	-	-
Payable after one year		<u>40,951,426</u>	<u>41,352,031</u>	<u>-</u>	<u>-</u>

Security

Included within bank loans are loans to the value of £13,178,600 (2021: £14,749,998) which are secured by a bond and a floating charge over the assets of the Avondale companies and loans to the value of £15,175,877 (2021: £14,513,391) and £719,179 (2021: £687,511) which are secured over the assets of Halite Energy Group & Anglesey LNG respectively.

There are a number of charges registered with Companies House, in the main these relate to environmental obligations on the subsequent disposal of land.

NPL GROUP (UK) LTD

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2022

24 Finance lease obligations

	Group 2022 £	2021 £	Company 2022 £	2021 £
Future minimum lease payments due under finance leases:				
Within one year	170,410	116,554	-	-
In two to five years	16,656	173,145	-	-
	<u>187,066</u>	<u>289,699</u>	<u>-</u>	<u>-</u>

Finance lease payments represent rentals payable by the company or group for certain items of plant and machinery. Leases include purchase options at the end of the lease period, and no restrictions are placed on the use of the assets. The average lease term is four years. All leases are on a fixed repayment basis and no arrangements have been entered into for contingent rental payments.

25 Provisions for liabilities

	Group 2022 £	2021 £	Company 2022 £	2021 £
Aftercare and restoration provision	<u>3,245,469</u>	<u>3,103,740</u>	<u>-</u>	<u>-</u>

Movements on provisions:

Group	Aftercare and restoration provision £
At 1 April 2021	3,103,740
Additional provisions in the year	860,474
Utilisation of provision	(718,745)
At 31 March 2022	<u>3,245,469</u>

Aftercare and restoration provision

The total post closure costs, including items such as monitoring, gas and leachate management, have been estimated by the directors and management based on current practice and technology available.

These may be impacted by a number of factors including changes in legislation and improvements in technology. The dates of payment of these aftercare costs are uncertain but are anticipated to be over a period of approximately 30 years from the closure of the landfill site.

Site restoration provision relates to the cost of final capping and covering of the landfill site. These costs may be impacted by a number of factors including changes in legislation and changes in technology. The dates of payment of these costs are uncertain but are anticipated to be paid over a period of up to 15 years from 31 March 2022.

NPL GROUP (UK) LTD

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2022

26 Deferred taxation

The following are the major deferred tax liabilities and assets recognised by the group and company, and movements thereon:

	Liabilities 2022 £	Liabilities 2021 £
Group		
Accelerated capital allowances	1,379,000	1,137,000
Revaluations	2,029,785	1,842,885
	<u>3,408,785</u>	<u>2,979,885</u>

The company has no deferred tax assets or liabilities.

	Group 2022 £	Company 2022 £
Movements in the year:		
Liability at 1 April 2021	2,979,885	-
Charge to profit or loss	561,900	-
Transfer on disposal	(133,000)	-
	<u>3,408,785</u>	<u>-</u>
Liability at 31 March 2022		

27 Retirement benefit schemes

	2022 £	2021 £
Defined contribution schemes		
Charge to profit or loss in respect of defined contribution schemes	<u>43,346</u>	<u>62,455</u>

A defined contribution pension scheme is operated for all qualifying employees. The assets of the scheme are held separately from those of the group in an independently administered fund.

28 Share capital

	2022 Number	2021 Number	2022 £	2021 £
Ordinary share capital				
Issued and fully paid				
Ordinary shares of £1 each	<u>25,102,169</u>	<u>25,102,169</u>	<u>25,102,169</u>	<u>25,102,169</u>

Ordinary share rights

The Company's ordinary shares each carry the right to one vote and the right to participate in any distributions as respects dividends and as respects capital and are not redeemable.

NPL GROUP (UK) LTD

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2022

29 Operating lease commitments

Lessee

At the reporting end date the group had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	Group 2022 £	2021 £	Company 2022 £	2021 £
Within one year	50,986	49,500	-	-
Between two and five years	-	49,500	-	-
	<u>50,986</u>	<u>99,000</u>	<u>-</u>	<u>-</u>

30 Events after the reporting date

In May 2022 the group sold its waste recycling facility and the land on which it is situated. The total consideration for this asset was £5m which is in line with its current carrying value in the financial statements. As at 31 March 2022 this asset is being carried at £3.14m in investment properties and £1.86m in tangible fixed assets.

In July 2022 the group divested of its subsidiary, Whitehead Restoration Limited. A total consideration of £2.5m was received for the sale, which also included a transfer of investment property held by another subsidiary company.

31 Directors' transactions

	% Rate	Opening balance £	Amounts repaid £	Closing balance £
Other borrowings	-	14,526,131	(505,561)	14,020,570
		<u>14,526,131</u>	<u>(505,561)</u>	<u>14,020,570</u>

NPL GROUP (UK) LTD

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2022

32 Related party transactions

The group has taken advantage of the exemption granted by section 33.1A of FRS102 not to disclose transactions with other group companies.

Included within other debtors is a balance of £2,106,559 (2021:£2,106,559) due from a former director. No interest is accrued on this loan balance.

During the year the group entered into the several transactions with related parties: various companies outwith the group but which are all under common control.

Included within other debtors is a balance of £4,973,374 (2021: £1,193,842) due from related parties and within other creditors £3,656,671 (2021: £981,930) due to related parties.

Other information

Included within other creditors due after more than one year is a balance of £14,020,570 (2021: £14,526,131) due to director, R McFarlane. No interest is accrued on this loan balance.

All balances with related parties at the year end are unsecured.

33 Controlling party

The ultimate controlling party is Robert McFarlane

34 Cash generated from group operations

	2022 £	2021 £
Loss for the year after tax	(1,778,957)	(13,906,098)
Adjustments for:		
Taxation charged/(credited)	1,676,932	(754,428)
Finance costs	1,595,629	1,442,461
Investment income	270	7
Gain on disposal of tangible fixed assets	(14,999)	(17,511)
Loss on disposal of investment property	95,200	-
Fair value (gain)/loss on investment properties	-	3,088,292
Amortisation of intangible assets	1,076,717	852,600
Depreciation and impairment of tangible fixed assets	1,832,064	10,890,435
Increase in provisions	141,729	13,132
Movements in working capital:		
Decrease in stocks	2,341,800	1,015
(Increase)/decrease in debtors	(3,375,213)	2,948,790
Increase in creditors	1,777,507	3,354,700
Cash generated from operations	5,368,679	7,913,395

NPL GROUP (UK) LTD

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2022

35 Analysis of changes in net debt - group

	1 April 2021 £	Cash flows £	31 March 2022 £
Cash at bank and in hand	1,995,526	618,105	2,613,631
Bank overdrafts	(1,111,550)	160,045	(951,505)
	<u>883,976</u>	<u>778,150</u>	<u>1,662,126</u>
Borrowings excluding overdrafts	(44,477,031)	1,382,805	(43,094,226)
Obligations under finance leases	(289,699)	102,633	(187,066)
	<u>(43,882,754)</u>	<u>2,263,588</u>	<u>(41,619,166)</u>