

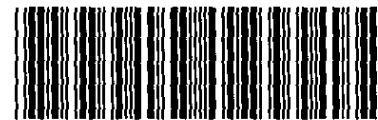


**Viridor Waste Exeter Limited**

**Annual Report and Financial Statements**

**for the Year Ended 31 March 2021**

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## **Viridor Waste Exeter Limited**

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## **Viridor Waste Exeter Limited**

### **Strategic Report for the Year Ended 31 March 2021**

The directors present their strategic report for the year ended 31 March 2021.

#### **PRINCIPAL ACTIVITIES**

The principal activity of the company is the development and operation of landfill sites, recycling and waste disposal provision under fixed-term contracts for local authorities.

#### **BUSINESS REVIEW**

##### **Financial results**

Revenue decreased by £3,511,000 from last year to £27,725,000 (2020: £31,236,000).

Operating profit before interest, tax and depreciation, was £352,000 (2020: £2,305,000). The operating margin reduced to 1% (2020: 7%).

Net finance costs were £1,422,000 (2020: £2,066,000).

The Company's taxation position results in a credit for current tax of £431,000 (2020: credit of £490,000) and a credit for deferred tax of £799,000 (2020: credit of £479,000).

##### **Investment**

Capital expenditure in the year totalled £4,856,000 (2020: £3,343,000). The Company is committed to ensuring the facilities and equipment used in its operations continue to meet the highest environmental standards.

##### **Financing**

Significant funding facilities are in place to cover both medium and long-term requirements, including finance leasing and loans from the intermediate parent undertaking and fellow subsidiaries. The Directors confirm that the Company can meet its short-term requirements from existing facilities without breaching covenants or other borrowing restrictions.

##### **Dividends and reserves**

No interim dividends were paid in the year (2020: no dividends were paid). The Directors do not recommend the payment of a final dividend (2020: nil).

The transfer from retained earnings for the year was £6,199,000 (2020: £4,521,000).

The balance in retained earnings at 31 March 2021 shows an accumulated losses position of £44,505,000 (2020: £38,306,000).

##### **Principal risks and uncertainties**

From the perspective of the Company, the principal risks and uncertainties are integrated with the principal risks of the Viridor Group and are not separately managed. Accordingly, the principal risks and uncertainties of Viridor Limited, which include those of the Company, are discussed on pages 9 to 12 of Viridor Limited's Annual Report and Financial Statements which does not form part of this Report.

##### **Financial risk management**

The Company's activities expose it to a variety of financial risks; market risk (interest rate risk), liquidity risk and credit risk. Further information on the Company's management of these risks is given in note 3 of these financial statements.

##### **Key performance indicators ('KPI's)**

The directors of Viridor Limited (the smallest Group in which these financial statements are consolidated), manage the Viridor Group's operations on a fully integrated basis. For this reason, the Company's Directors believe that analysis using key performance indicators for the Company is not necessary or appropriate for an understanding of the development, performance or position of the business of the Company. The development, performance and position of the Viridor Group's operations, including those of the Company, are discussed on pages 2 to 7 of Viridor Limited's Annual Report and Accounts which does not form part of this Report.

## **Viridor Waste Exeter Limited**

### **Strategic Report for the Year Ended 31 March 2021 (continued)**

#### **FUTURE DEVELOPMENTS**

The geographic location of the Company's sites and difficulty in achieving planning consents for competing new sites provides the Company with strong competitive advantage, despite the anticipated long-term decline in future landfill volumes arising from the diversion of municipal waste.

#### **COVID-19 - Resilient operations in unprecedented times**

It has been a difficult and challenging year for our people and we have kept safety and wellbeing at the heart of our business.

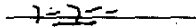
Our business remained resilient through the lockdown period despite the volume impact from Commercial & Industrial customers in Landfill and Recycling.

Operational sites largely remained open throughout the period. We made the decision to not furlough any staff during the year. We have managed our supply chain to ensure that personal protective equipment has remained available across our operations.

As the country continues its careful emergence from the pandemic, we are closely following the Government's advice. Our approach to a return to normality remains a cautious one.

One of the steps is to begin to encourage and welcome back employees who have previously been required to work from home to the workplace. We have listened to employee feedback about introducing more flexible ways of working for some colleagues where appropriate. We have been exploring a number of options which will enable us to collaborate effectively whilst also having a flexible approach.

The Strategic Report was approved by the Board and authorised for issue on 21 December 2021 and signed on its behalf by:



N W Maddock  
Director

## **Viridor Waste Exeter Limited**

### **Directors' Report for the Year Ended 31 March 2021**

The directors present their report and the unaudited financial statements for the year ended 31 March 2021.

The Directors' Report is prepared in accordance with the provisions of the Companies Act 2006 and regulations made thereunder. It comprises pages 3 to 4 as well as any matters incorporated by reference. Information regarding Viridor, including events and its progress during the year, events since the year-end and likely future developments is contained in the strategic report set out on pages 1 to 2.

In addition, and in accordance with s414C of the Companies Act 2006, the strategic report contains a fair, balanced and comprehensive review and analysis of the development and performance of the Company's business during the year and the position of the Company's business at the end of the year.

#### **Going concern**

The financial statements have been prepared on the going concern basis due to the continued financial support of the immediate parent company, Viridor Waste Management Limited. The directors of Viridor Waste Management Limited confirm that it is their intention to support the company in meeting all its financial obligations as they fall due for a period of at least 12 months from the date of signing the balance sheet.

#### **Donations**

No political donations were made or political expenditure incurred.

#### **Financial risk management policy**

The Company's financial risk management policy is set out at note 3 on pages 17 to 19.

#### **Financial instruments**

Details of the Company's financial instruments are provided in note 2 on page 17 and note 15 on page 30.

#### **Events after the reporting period**

Events after the reporting date for the company are discussed in the future developments section of the Strategic report.

#### **Directors**

The directors, who held office during the year, were as follows:

P C Piddington (resigned 12 October 2020)

E A J Rees (resigned 12 October 2020)

N W Maddock (appointed 12 October 2020)

K M Bradshaw (appointed 12 October 2020)

#### **Directors' insurance and indemnities**

The Directors have the benefit of the indemnity provisions contained in the Company's Articles and the Company has maintained throughout the year Directors' and Officers' liability insurance for the benefit of the Company, the Directors and its Officers. The Company has entered into qualifying third party indemnity arrangements for the benefit of all its Directors in a form and scope which comply with the requirements of the Companies Act 2006 and which were in force throughout the year and remain in force.

#### **Employment policies and employee involvement**

The Company has no employees (2020: none). Services provided by the Company were undertaken by employees of Viridor Waste Management Limited (a fellow subsidiary of Viridor Limited, the smallest Group in which these financial statements are consolidated). Policies relating to the training and development in the affairs, policy and performance of the Company can be found in the financial statements of Viridor Waste Management Limited.

#### **Parent company**

During the year, following a wider Viridor Group restructure, the immediate parent Company changed from Viridor Waste Limited to Viridor Waste Management Limited. At 31 March 2021 the ultimate parent undertaking was KKR Planets Aggregator L.P.

The subsidiaries of the Company are listed in note 14 to the financial statements on page 14.

## **Viridor Waste Exeter Limited**

### **Directors' Report for the Year Ended 31 March 2021 (continued)**

#### **Statement of Directors' Responsibilities**

The directors acknowledge their responsibilities 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 International Financial Reporting Standards (IFRSs) in conformity with the requirements of the Companies Act 2006. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies in accordance with IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors and apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information and provide additional disclosures when compliance with the specific requirements in IFRSs is insufficient to enable users to understand the impact of particular transactions, other events and conditions on the group and company financial position and financial performance ; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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

Under applicable law and regulations, the directors are also responsible for preparing a strategic report and directors' report, that comply with that law and those regulations. The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website.

The Directors' Report was approved by the Board on 21 December 2021.

By Order of the Board

L M Hughes

.....  
L M Hughes  
Company secretary

# Viridor Waste Exeter Limited

## Income Statement for the Year Ended 31 March 2021

		Before non- underlying items	Non- underlying items (Note 7)	2021 £ 000	2020 £ 000 (As restated)
	Note	2021 £ 000	2021 £ 000	2021 £ 000	2020 £ 000 (As restated)
Revenue	6	27,725	-	27,725	31,236
Manpower costs	6	(603)	-	(603)	(648)
Raw materials and consumables used	6	(514)	-	(514)	(622)
Other expenses	6	<u>(26,256)</u>	<u>(2,102)</u>	<u>(28,358)</u>	<u>(27,661)</u>
<b>(Loss)/profit before interest, tax, depreciation, amortisation and dividends</b>		<b>352</b>	<b>(2,102)</b>	<b>(1,750)</b>	2,305
Depreciation and amortisation expense	6	<u>(4,257)</u>	<u>-</u>	<u>(4,257)</u>	<u>(5,729)</u>
<b>Operating loss</b>		<b>(3,905)</b>	<b>(2,102)</b>	<b>(6,007)</b>	(3,424)
Finance income		61	-	61	49
Finance costs		<u>(1,483)</u>	<u>-</u>	<u>(1,483)</u>	<u>(2,115)</u>
Net finance cost	8	<u>(1,422)</u>	<u>-</u>	<u>(1,422)</u>	<u>(2,066)</u>
<b>Loss before tax</b>		<b>(5,327)</b>	<b>(2,102)</b>	<b>(7,429)</b>	(5,490)
Taxation credit	9	<u>1,230</u>	<u>-</u>	<u>1,230</u>	<u>969</u>
<b>Loss for the year</b>		<b><u>(4,097)</u></b>	<b><u>(2,102)</u></b>	<b><u>(6,199)</u></b>	<b><u>(4,521)</u></b>

**Viridor Waste Exeter Limited**

**Statement of Comprehensive Income for the Year Ended 31 March 2021**

	Before non- underlying items	Non-underlying items (Note 7)	Total	(As restated)
	2021 £ 000	2021 £ 000	2021 £ 000	2020 £ 000
Loss for the year	(4,097)	(2,102)	(6,199)	(4,521)
<b>Items that will not be reclassified subsequently to profit or loss</b>	-	-	-	-
<b>Items that may be reclassified subsequently to profit or loss</b>	-	-	-	-
Total comprehensive income for the year	<u>(4,097)</u>	<u>(2,102)</u>	<u>(6,199)</u>	<u>(4,521)</u>



**Viridor Waste Exeter Limited**

**(Registration number: 01403771)**

**Statement of Financial Position as at 31 March 2021**

			(As restated)
	Note	31 March 2021 £ 000	31 March 2020 £ 000
<b>Assets</b>			
<b>Non-current assets</b>			
Trade and other receivables	12	73	73
Property, plant and equipment	13	49,777	49,357
Investments in subsidiaries	14	3,501	3,501
Deferred tax assets	9	433	-
		<u>53,784</u>	<u>52,931</u>
<b>Current assets</b>			
Inventories	16	41	27
Trade and other receivables	17	4,955	6,532
Current tax asset		431	-
Cash and cash equivalents	18	3,032	2,682
		<u>8,459</u>	<u>9,241</u>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables	19	(10,218)	(10,759)
Loans and borrowings	20	(210)	(2,072)
Current tax liability		-	(4,659)
Provisions	21	(9,679)	(7,160)
		<u>(20,107)</u>	<u>(24,650)</u>
<b>Non-current liabilities</b>			
Loans and borrowings	20	(51,873)	(38,942)
Provisions	21	(26,099)	(27,851)
Deferred tax liabilities	9	-	(366)
		<u>(77,972)</u>	<u>(67,159)</u>
<b>NET LIABILITIES</b>		<u>(35,836)</u>	<u>(29,637)</u>
<b>Equity</b>			
Share capital	22	8,500	8,500
Share premium		169	169
Retained earnings		(44,505)	(38,306)
<b>TOTAL EQUITY</b>		<u>(35,836)</u>	<u>(29,637)</u>

**Viridor Waste Exeter Limited**

**(Registration number: 01403771)**

**Statement of Financial Position as at 31 March 2021 (continued)**

For the financial year ending 31 March 2021 the company was entitled to exemption from audit under section 479A of the Companies Act 2006 relating to subsidiary companies.

Directors' responsibilities:

- The members have not required the company to obtain an audit of its accounts for the year in question in accordance with section 476; and
- The directors acknowledge their responsibilities for complying with the requirements of the Act with respect to accounting records and the preparation of accounts.

The financial statements on pages 5 to 38 were approved by the Board and authorised for issue on 21 December 2021 and signed on its behalf by:



.....  
N W Maddock  
Director

# Viridor Waste Exeter Limited

## Statement of Changes in Equity for the Year Ended 31 March 2021

	Share capital £ 000	Share premium £ 000	Retained earnings £ 000	Total £ 000
At 1 April 2019	8,500	169	(37,782)	(29,113)
Prior period adjustment (note4)	-	-	3,997	3,997
At 1 April 2019 (As restated)	8,500	169	(33,785)	(25,116)
Loss for the year	-	-	(4,521)	(4,521)
Total comprehensive income	-	-	(4,521)	(4,521)
At 31 March 2020	8,500	169	(38,306)	(29,637)

	Share capital £ 000	Share premium £ 000	Retained earnings £ 000	Total £ 000
At 1 April 2020	8,500	169	(38,306)	(29,637)
Loss for the year	-	-	(6,199)	(6,199)
Total comprehensive income	-	-	(6,199)	(6,199)
At 31 March 2021	8,500	169	(44,505)	(35,836)

**Viridor Waste Exeter Limited**

**Statement of Cash Flows for the Year Ended 31 March 2021**

		<b>(As restated)</b>	
	<b>Note</b>	<b>2021 £ 000</b>	<b>2020 £ 000</b>
<b>Cash flows from operating activities</b>			
Loss for the year		(6,199)	(4,521)
<i>Adjustments to cash flows from non-cash items:</i>			
Depreciation and amortisation	6	4,257	5,729
Profit on disposal of property plant and equipment		(253)	(89)
Finance income	8	(61)	(49)
Finance costs	8	1,483	2,115
Taxation credit	9	(1,230)	(969)
		(2,003)	2,216
<i>Working capital adjustments:</i>			
Increase in inventories		(14)	(27)
Decrease in trade and other receivables		1,580	109
Decrease in trade and other payables		(600)	(1,016)
Decrease in provisions		(176)	(974)
Cash generated from operations		(1,213)	308
Taxation paid		(4,659)	-
Net cash flow from operating activities		(5,872)	308
<b>Cash flows from investing activities</b>			
Interest received		61	49
Acquisitions of property plant and equipment		(3,585)	(3,393)
Proceeds from sale of property plant and equipment		382	117
Movement in restricted cash		524	-
Net cash flows from investing activities		(2,618)	(3,227)
<b>Cash flows from financing activities</b>			
Interest paid		(491)	(1,344)
Proceeds from new borrowings		10,000	6,000
Finance lease principal repayments		(145)	(112)
Net cash flows from financing activities		9,364	4,544
Net increase in cash and cash equivalents		874	1,625
Cash and cash equivalents at 1 April		2,158	533
Cash and cash equivalents at 31 March	18	3,032	2,158

## **Viridor Waste Exeter Limited**

### **Notes to the Unaudited Financial Statements for the Year Ended 31 March 2021**

#### **1 General information**

The company is a private company limited by share capital, incorporated and domiciled in England.

The address of its registered office is:

Viridor House  
Priory Bridge Road  
Taunton  
Somerset  
TA1 1AP  
United Kingdom

The nature of the Company's operations include the development and operation of landfill sites, recycling and waste disposal provision under fixed-term contracts for local authorities.

#### **2 Accounting policies**

##### **Statement of compliance**

The company financial statements have been prepared in accordance with International Accounting Standards in conformity with the requirements of the Companies Act 2006.

##### **Summary of significant accounting policies and key accounting estimates**

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

##### **Basis of preparation**

The financial statements have been prepared in accordance with adopted IFRSs and under historical cost accounting rules. The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the company's accounting policies.

These financial statements are presented in pound sterling, which is the Company's functional currency. All amounts have been rounded to the nearest thousand, unless otherwise indicated.

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

The Company is exempt under the provisions of Section 400 of the Companies Act 2006 from the requirement to produce group financial statements as it is a wholly owned subsidiary of Viridor Limited which is established under the law of the United Kingdom and which itself produces consolidated financial statements. Accordingly the financial statements are presented for the Company as an individual undertaking. Group financial statements are included in the Annual Report of Viridor Limited which is available from Viridor House, Priory Bridge Road, Taunton, Somerset, TA1 1AP.

##### **Going concern**

The financial statements have been prepared on a going concern basis.

##### **New standards, interpretations and amendments not yet effective**

New standards or interpretations which were mandatory for the first time in the year beginning 1 April 2020 did not have a material impact on the net assets or results of the Company.

New standards or interpretations due to be adopted from 1 April 2021 are not expected to have a material impact on the Company's net assets or results. Existing borrowing covenants are not impacted by changes in accounting standards.

## **Viridor Waste Exeter Limited**

### **Notes to the Unaudited Financial Statements for the Year Ended 31 March 2021 (continued)**

#### **2 Accounting policies (continued)**

##### **Revenue recognition**

###### ***Recognition***

Revenue is recognised following delivery of performance obligations and an assessment of when control over the product or service is transferred to the customer. Revenue is only recognised when collection of consideration is highly probable.

Revenue is recognised either when the performance obligation in the contract has been performed ('point in time' recognition) or 'over time' as the performance obligations to the customer are satisfied. For each obligation satisfied over time, the company applies a revenue recognition method that accurately reflects performance in transferring control of the services to the customer.

Where a contract with a customer includes more than one performance obligation, revenue is allocated to each obligation in proportion to a fair value assessment of the total contract sales value split across the services provided.

At the inception of a contract the total transaction price is estimated, being the fair value to which the company expects to be entitled under the contract, including any variable consideration. Variable consideration is based on the most likely outcome of the performance obligations.

Revenue excludes value added tax, trade discounts and includes revenue arising from transactions between Group companies. Revenue includes landfill tax.

###### ***Waste management services***

In respect of single services with fixed fees, such as the receipt of gate and collection fees, revenue is recognised at the time the service is provided.

The Company also delivers other waste management services for which revenue is recognised 'over time' in accordance with contracts with customers. The nature of contracts and/or performance obligations includes management fees to operate local authority recycling centres and energy recovery facilities, multi service contracts including collections and gate fees.

Revenue from other services can be fixed (i.e. management fees) or variable (i.e. gate fees).

Gate fee revenue, derived from the Company's operational assets, is recognised as customer waste is deposited and is based on tonnage received.

In respect of waste collection services, revenue is recognised at the point of collection from customer premises.

A majority of waste management customers are invoiced monthly for services provided within the monthly billing period. Payments are typically due on an end of month following invoice basis. Alternative billing and/or payment terms are agreed in exceptional circumstances.

The Company transfers control of such waste management services prior to invoicing. Receipt of payment following invoice is based solely on the passage of time. A trade receivable is recognised until payment is made and/or refund issued.

###### ***Contract assets and liabilities***

A trade receivable is recognised when the Company has an unconditional right to receive consideration in exchange for performance obligations already fulfilled. A contract asset is recognised when the Company has fulfilled some of its performance obligations but has not yet obtained an unconditional right to receive consideration.

A contract liability is recognised when consideration is received in advance of the Company performing its performance obligations to customers.

## **Viridor Waste Exeter Limited**

### **Notes to the Unaudited Financial Statements for the Year Ended 31 March 2021 (continued)**

## **2 Accounting policies (continued)**

### **Taxation including deferred tax**

The tax expense for the period comprises current and deferred tax. Tax is recognised in the income statement, except to the extent that it relates to items recognised in the statement of comprehensive income or directly in equity. In this case the tax is recognised in the statement of comprehensive income or directly in equity as appropriate.

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

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

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

### **Landfill tax**

Landfill tax is included within both revenue and operating costs. Landfill tax is determined by the Government and it is a cost to the Company but is chargeable to customers.

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

Property, plant and equipment is stated in the statement of financial position at cost, less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

The cost of property, plant and equipment includes directly attributable incremental costs incurred in their acquisition and installation.

### **Depreciation**

Depreciation is charged so as to write off the cost of assets, other than land and properties under construction over their estimated useful lives, as follows:

<b>Asset class</b>	<b>Depreciation method and rate</b>
Freehold buildings	30-50 years
Short-term leasehold land and buildings	The shorter of their estimated useful economic lives or the finance lease period.
Fixed and mobile plant, vehicles and computers	3-10 years

## **Viridor Waste Exeter Limited**

### **Notes to the Unaudited Financial Statements for the Year Ended 31 March 2021 (continued)**

#### **2 Accounting policies (continued)**

##### **Right-of-use assets/liabilities**

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

Leased assets are accounted for by recognising a right-of use-asset and a lease liability except for:

- Low value assets; and
- Leases with a duration of 12 months or less.

##### **Right-of-use assets**

The Company recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. If ownership of the leased asset transfers to the Company at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset. The right-of-use assets are also subject to impairment.

##### **Lease liabilities**

At the commencement date of the lease, the Company recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Company and payments of penalties for terminating the lease, if the lease term reflects the Company exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.



## **2 Accounting policies (continued)**

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

Assets which have an indefinite useful life are not subject to depreciation and are tested annually for impairment, or whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

Assets which are subject to amortisation are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value, less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Value in use represents the present value of projected future cash flows expected to be derived from a cash-generating unit, discounted using a pre-tax discount rate which reflects an assessment of the market cost of capital of the cash-generating unit.

Impairments are charged to the income statement in the year in which they arise. Non-financial assets other than goodwill that have been impaired are reviewed for possible reversal of the impairment at each reporting date.

### **Investment in subsidiary undertakings**

Investments in subsidiary undertakings are initially recorded at cost, being the fair value of the consideration paid. Subsequently, investments are reviewed for impairment on an individual basis annually or if events or changes in circumstances indicate that the carrying value may not be fully recoverable.

An impairment loss is recognised for the amount by which the investment's carrying amount exceeds the lower of the subsidiary's net asset value or its recoverable amount. The recoverable amount is the higher of the investment's fair value, less costs to sell and value in use. Value in use represents the present value of projected future cash flows expected to be derived from the subsidiary undertaking, discounted using a pre-tax discount rate appropriate to the relevant subsidiary.

## **Viridor Waste Exeter Limited**

### **Notes to the Unaudited Financial Statements for the Year Ended 31 March 2021 (continued)**

#### **2 Accounting policies (continued)**

##### **Cash and cash equivalents**

Cash and cash equivalents comprise cash on hand and call deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. Bank overdrafts are shown within current borrowings.

##### **Inventories**

Inventories are stated at the lower of cost and net realisable value.

The cost of finished goods and work in progress includes raw materials and the cost of bringing stocks to their present location and condition. It excludes borrowing costs. Costs are assigned to individual items of inventory on the basis of weighted average costs. Net realisable value is the estimated selling price less cost to sell. Stocks of fuel and spares are valued at cost, less any provision for obsolescence.

##### **Provisions**

Provisions are made where there is a present legal or constructive obligation as a result of a past event and it is probable that there will be an outflow of economic benefits to settle this obligation and a reliable estimate of this amount can be made. Where the effect of the time value of money is material, the current amount of a provision is the present value of the expenditure expected to be required to settle obligations. The unwinding of the discount to present value is included as notional interest within finance costs.

The Company's policies on provisions for specific areas are:

##### ***i) Landfill restoration costs***

Provisions for the cost of restoring landfill sites are made when the obligation arises. Where the obligation recognised as a provision gives access to future economic benefits, an asset in property, plant and equipment is recognised. Provisions are otherwise charged to the income statement based on the consumption of void space.

##### ***ii) Environmental control and aftercare costs***

Environmental control and aftercare costs are incurred over the operational life of each landfill site and for a considerable period thereafter. Provision for all such costs is made over the operational life of the site and charged to the income statement based on the consumption of void space.

##### ***iii) Onerous contracts***

Where the unavoidable costs of meeting a contract's obligations exceed the economic benefits derived from that contract, the unavoidable costs, less revenue anticipated under the terms of the contract, are recognised as a provision and charged to the income statement. An impairment loss on any assets dedicated to that contract is also recognised in the income statement.

##### **Fair values**

The fair values of short-term deposits, loans and overdrafts with a maturity of less than one year are assumed to approximate to their book values. In the case of non-current bank loans and other loans, the fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate available to the company for similar financial instruments.

##### **Share capital**

Ordinary shares are classified as equity. Equity instruments are measured at the fair value of the cash or other resources received or receivable, net of the direct costs of issuing the equity instruments. If payment is deferred and the time value of money is material, the initial measurement is on a present value basis.

##### **Retirement benefit obligations**

During the year, the Company participated in a defined contribution scheme operated by the immediate parent company. Costs of the scheme are included in the employment cost recharge from Viridor Waste Management Limited (a fellow subsidiary of Viridor Limited) as all employees are contracted to that company.

## **Viridor Waste Exeter Limited**

### **Notes to the Unaudited Financial Statements for the Year Ended 31 March 2021 (continued)**

## **2 Accounting policies (continued)**

### **Financial instruments**

#### ***i) Loans and receivables***

All loans and borrowings are initially recognised at fair value, net of transaction costs incurred. Following initial recognition interest-bearing loans and borrowings are subsequently stated at amortised cost using the effective interest method.

Gains and losses are recognised in the income statement when the instruments are derecognised or impaired. Premia, discounts and other costs and fees are recognised in the income statement through the amortisation process.

Borrowings are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

#### ***ii) Trade receivables***

Trade receivables do not carry any interest receivable and are initially recognised at fair value and subsequently at amortised cost using the effective interest method, less provision for impairment. A provision for impairment of trade receivables is established when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of the receivables.

#### ***iii) Trade payables***

Trade payables are not interest bearing and are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method.

#### ***iv) Receivables due from subsidiary undertakings***

Amounts owed by subsidiaries are classified and recorded at amortised cost and reduced by allowances for expected credit losses. Estimated future credit losses are first recorded on initial recognition of a receivable and are based on estimated probability of default.

## **3 Financial risk review**

The financial risk management policies reflect conditions that existed through and at the year ending 31 March 2021.

### ***(a) Financial risk factors***

The Company's activities expose it to a variety of financial risks; market risk (including interest rate risk, inflation risk and credit risk). Details of the nature of each of these risks along with the steps the Company has taken to manage them is described below.

The Company receives treasury services from the wider Viridor Group's treasury function which seeks to ensure that sufficient funding is available to meet foreseeable needs, maintain reasonable headroom for contingencies and managing financial risks.

These risks and treasury operations are managed by the chief Financial Officer in accordance with policies established by the Board. Major transactions are individually approved by the Board.

Financial instruments, including derivatives, are used, where appropriate, to manage the risks of fluctuations in interest rates, inflation and other financial risks. Companies within the Viridor Group do not engage in speculative activity.

## Viridor Waste Exeter Limited

### Notes to the Unaudited Financial Statements for the Year Ended 31 March 2021 (continued)

#### 3 Financial risk review (continued)

##### *Market Risk*

The Company has no significant interest-bearing assets upon which the net return fluctuates from market risk. Deposit interest receivable is expected to fluctuate in line with interest payable on floating rate borrowings. Consequently its income and operating cash flows are substantially independent of changes in market interest rates.

For the year ended 31 March 2021, if interest rates on net borrowings had been 0.5% higher/lower with all other variables held constant, post-tax loss for the year would have increased/decreased by £166,000 (2020: £150,000).

##### *Liquidity Risk*

An intermediate parent company, Planets UK Bidco Limited maintains facilities that are designed to ensure the Viridor Group (and therefore the Company) has significant available funds for operations, planned expansions and facilities equivalent to at least one year's forecast requirements at all times, with reasonable headroom for contingencies. A financial covenant relating to Planets' facilities was first assessed in September 2021. This financial covenant is a debt service coverage ratio comparing cash generated during a twelve-month period against interest payments and other debt service costs. The Viridor Group has complied with these covenants throughout the financial year.

The Viridor Group's treasury function managed and determined the criteria for the Company's capital requirement.

Contractual undiscounted cash flows were:

	Due within 1 year £000	Due between 1 and 2 years £000	Due between 2 and 5 years £000	Due after 5 years £000	Total £000
<b>31 March 2021</b>					
<i>Non-derivative financial liabilities</i>					
Borrowings excluding finance lease liabilities	-	5,556	16,667	27,777	50,000
Interest payments on borrowings	550	489	1,100	617	2,756
Finance lease liabilities including interest	209	435	375	1,049	2,068
<b>31 March 2020</b>					
<i>Non-derivative financial liabilities</i>					
Borrowings excluding finance lease liabilities	2,000	4,222	12,667	21,111	40,000
Interest payments on borrowings	1,017	904	2,033	1,141	5,095
Finance lease liabilities including interest	109	105	315	1,448	1,977

### **3 Financial risk review (continued)**

#### ***Credit Risk***

Credit risk arises from cash and cash equivalents with banks and financial institutions, as well as exposure to trade customers, including outstanding receivables. The maximum exposure to credit risk is represented by the carrying value of these financial instruments. Further information on the credit risk relating to trade receivables is given in note 17.

Counterparty risk arises from the investment of surplus funds and from the use of derivative financial instruments. The Viridor Group (and therefore the Company) follows a policy for managing such risk which is controlled through credit limits, counterparty approvals and rigorous monitoring procedures. The Company has no other significant concentration of credit risk. The Company's surplus funds are managed by the Viridor Group's treasury function and where sufficient incremental yield is available, are placed in short-term deposits or the overnight money markets. Deposit counterparties must meet minimum criteria based on their short-term credit ratings and therefore be of good credit quality.

#### **(b) Capital risk management**

The capital risk management policy is managed by an intermediate parent company, Planets UK Bidco Limited. The company's objectives when managing capital are to safeguard the Viridor Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure in order to minimise the cost of capital.

#### **(c) Determination of fair values**

The Company uses the following hierarchy for determining the fair value of financial instruments by valuation technique:

- quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1)
- inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices) (level 2).
- inputs for the asset/liability not based on observable market data (unobservable inputs) (level 3).

The Company's financial instruments are valued using level 2 measures as analysed in note 15.

## Viridor Waste Exeter Limited

### Notes to the Unaudited Financial Statements for the Year Ended 31 March 2021 (continued)

#### 4 Prior period adjustments

##### Restatement due to accounting error

###### (a) Landfill and restoration provisions

A significant cost of owning and operating a landfill site in the UK arises due to the constructive and legal obligation to restore sites after landfill operations cease and to care for them until it can be demonstrated that they present no ongoing risk to the environment.

The period of aftercare post-closure and the level of costs expected to be incurred over that period are uncertain and can vary significantly from site to site. Viridor organises its costs as follows:

- Restoration costs including capping, restoration soils, and other infrastructure and landscaping costs.
- Aftercare costs including inspection, ground water monitoring, leachate management, methane gas control and recovery and the operation and maintenance costs to be incurred during the period after the site closes.

During the year the Company has undertaken a review of its landfill and restoration provisions, which are recorded to manage its landfill obligations. We have reviewed the accounting treatment of certain operating costs, specifically considering whether they should be included within provisions under IAS 37 Provisions, contingent liabilities and contingent assets. This has resulted in a material reduction in the level of provisioning and brings the Company more in line with other operators in the industry.

These matters have been treated as accounting errors in accordance with IAS 8, meaning that, changes have been made retrospectively by amending the comparatives and restating retained earnings at the beginning of the year ended 31 March 2020.

The impact on the financial statements is as follows:

	Note	31 March 2020 £000	01 April 2019 £000
<b>Comparative period adjustment to equity [increase/(decrease) in equity]</b>			
Property, plant and equipment	13	1,242	-
<b>Total Assets</b>		<b>1,242</b>	<b>-</b>
Deferred tax		(172)	(819)
Provisions	21	(844)	4,816
<b>Total Liabilities</b>		<b>(1,016)</b>	<b>3,997</b>
<b>Net impact on equity</b>		<b>226</b>	<b>3,997</b>
<b>Comparative period adjustment to income statement [increase/(decrease) in profit]</b>			
Other operating expenses		314	-
Depreciation		(491)	-
Finance costs		(221)	-
Taxation		172	-
<b>Net impact on profit for the year</b>		<b>(226)</b>	<b>-</b>

There is no net impact to either the operating, investing, or financing activities in the prior period cashflow disclosures.

## **5 Critical accounting judgements and key sources of estimation uncertainty**

Management is required to exercise significant judgement and make use of estimates and assumptions in the application of these policies.

### **(a) Environmental and landfill restoration provisions**

Environmental control and aftercare costs are incurred during the operational life of each landfill site and for a considerable period thereafter. The period of aftercare post-closure and the level of costs expected are uncertain and can vary significantly from site to site. 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 have been re-assessed, re-estimated and aligned to the latest estimate of landfill site operating lives.

The provisions are based on latest assumptions reflecting recent historic data and 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 Company'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 income statement as a financial item within finance costs.

An aftercare period of between 30 and 60 years is used 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. The impact of a 0.1% change in discount rate is estimated to be in the region of £430,000. As at 31 March 2021 the Company's environmental and landfill restoration provisions (note 21) were £28,876,000 (2020: £30,211,000).

Where a restoration provision gives access to future economic benefits, an asset is recognised and depreciated in accordance with the Company's depreciation policy. As at 31 March 2021 these assets (note 13) had a net book value of £15,889,000 (2020: £16,182,000).

During the year the Company has undertaken a review of its landfill and restoration provisions, which are recorded to manage its landfill obligations. This has resulted in a material reduction in the level of provisioning and brings the Company more in line with other operators in the industry. The changes have been made retrospectively by amending the comparatives and restating retained earnings at the beginning of the year ended 31 March 2020. Note 4 details the full impact of this adjustment.

### **(b) Impairment of non-financial assets and goodwill**

In order to determine whether impairments, or reversals of previous impairments, are required for non-financial assets, there is an assessment of whether there are any indicators for further impairment or reversal during the year. The assessment includes a review of changes in market and discount rates over the year, together with a review of CGU business performance against expectations. The 2020/2021 review concluded there were no indicators of further impairment or reversal.

### **(c) Landfill costs**

The estimation of landfill reserves is of particular importance in assessing landfill costs, since the cost of a landfill site is depreciated over its estimated operational life taking into account the usage of void space and gas production at the site post-closure. The estimates of landfill reserves are regularly reviewed and updated during the financial year for usage and other events (for example site extensions). Estimates are also subject to physical review by external advisors.

A number of factors impact on the depreciation of landfill reserves including the available landfill space, future capital expenditure and operating costs. The assumptions are revised as these factors change. The estimate of gas production at landfill sites post-closure reduces the depreciation of landfill reserves. An assessment is undertaken for individual sites of the historic profile of gas production during landfilling activity and the projected generation post-closure according to the type of waste contained in the landfill and expected profile of gas production over time.

# Viridor Waste Exeter Limited

## Notes to the Unaudited Financial Statements for the Year Ended 31 March 2021 (continued)

### 6 Operating profit

#### Revenue

The grouping of revenue streams, analysed by how they are affected by economic factors is as follows:

	UK £000	Total £000
<b>Year ended 31 March 2021</b>		
Waste management services	27,725	27,725
	<u>27,725</u>	<u>27,725</u>
<b>Year ended 31 March 2020</b>		
Waste management services	31,236	31,236
	<u>31,236</u>	<u>31,236</u>

The Company's country of domicile is the United Kingdom and is the country in which it generates its revenue. The Company's non-current assets are all located in the United Kingdom.

#### Operating costs

		(As restated)	
	Note	31 March 2021 £000	31 March 2020 £000
Manpower costs	10	<u>603</u>	<u>648</u>
Raw materials and consumables		<u>514</u>	<u>622</u>
<b>Other operating expenses:</b>			
Profit on disposal of property, plant and equipment		(253)	(89)
Short-term and low value lease rentals payable		364	211
Trade receivables impairment	17	290	(79)
Power		51	43
Rates		262	351
Hired and contracted services		2,537	2,322
Landfill tax		21,301	23,661
Other external charges		<u>1,541</u>	<u>1,241</u>
		<u>26,093</u>	<u>27,661</u>
<b>Depreciation of property, plant and equipment:</b>			
Depreciation of property, plant and equipment		<u>4,257</u>	<u>5,852</u>
		<u>4,257</u>	<u>5,852</u>



# Viridor Waste Exeter Limited

## Notes to the Unaudited Financial Statements for the Year Ended 31 March 2021 (continued)

### 7 Non-underlying items

Non-underlying items are those that in the Directors' view are required to be separately disclosed by virtue of their size, nature or incidence to enable a full understanding of the Company's financial performance in the year and business trends over time.

	2021 £ 000	2020 £ 000
Environmental compliance risk (a)	(2,102)	-
<b>Operating loss</b>	(2,102)	-
<b>Loss before tax</b>	(2,102)	-
<b>Net non-underlying charge</b>	(2,102)	-

(a) The Company has assessed the risk on certain landfill related liabilities and the charge to the income statement is £2,102,000.

### 8 Finance income and costs

		(As restated)	
	Note	2021 £ 000	2020 £ 000
<b>Finance income</b>			
Interest income on bank deposits		1	6
Other finance income		60	43
Total finance income		61	49
<b>Finance costs</b>			
Interest on obligations under finance leases and hire purchase contracts		(45)	(31)
Loans from ultimate parent company	25	-	(17)
Loans from fellow subsidiary	25	(498)	(1,104)
Unwinding of discounts in provisions	21	(940)	(963)
Total finance costs		(1,483)	(2,115)
Net finance costs		(1,422)	(2,066)

## Viridor Waste Exeter Limited

### Notes to the Unaudited Financial Statements for the Year Ended 31 March 2021 (continued)

#### 9 Taxation

Tax credited in the income statement

	(As restated)	
	2021	2020
	£ 000	£ 000
UK corporation tax	(431)	(490)
Deferred tax	(799)	(479)
Tax credit in the income statement	<u>(1,230)</u>	<u>(969)</u>

UK corporation tax is calculated at 19% (2020: 19%) of the estimated assessable loss before tax for the year.

#### Reconciliation of total tax credit:

The total tax for the year differs from the theoretical amount that would arise using the standard rate of Corporation tax in the UK of 19% (2020: 19%) as follows:

	(As restated)	
	2021	2020
	£ 000	£ 000
Loss before tax	<u>(7,429)</u>	<u>(5,490)</u>
Tax calculated at the standard rate of UK Corporation tax of 19%	(1,412)	(1,043)
Movements on non-qualifying assets	5	(9)
Deferred tax charge relating to changes in tax rate	-	(66)
Adjustment to tax in respect of prior years	177	20
Other timing differences	<u>-</u>	<u>129</u>
Total tax credit	<u>(1,230)</u>	<u>(969)</u>

The average total effective rate for the year is 16.6% (2020 19.8%).

UK corporation tax is stated after a charge relating to prior year current tax of £59,000 (2020: charge of £25,000) and a prior year deferred tax charge of £118,000 (2020: charge of £21,000).

(2020: The adjustment to the tax charge in respect of the change in tax rate follows the announcement in the Chancellor's budget on 11th March 2020, that the UK corporation tax rate will be held at 19% (rather than reducing to 17% as previously enacted). This is considered a non-underlying charge to the Company.)

# Viridor Waste Exeter Limited

## Notes to the Unaudited Financial Statements for the Year Ended 31 March 2021 (continued)

### 9 Taxation (continued)

#### Deferred tax

Deferred tax is provided in full on temporary differences under the liability method using enacted tax rates.

Movements on deferred tax were:

	<b>(As restated)</b>	
	<b>31 March 2021 £ 000</b>	<b>31 March 2020 £ 000</b>
Net liabilities at 1 April	(366)	(845)
Credit to the income statement	799	479
Net assets/(Net liabilities) at 31 March	<u>433</u>	<u>(366)</u>

Deferred tax assets have been recognised in respect of all temporary differences giving rise to deferred tax assets because it is probable that these assets will be recovered.

All deferred tax assets and liabilities are within the same jurisdiction and may be offset as permitted by IAS 12

#### The movement in deferred tax assets and liabilities were:

	<b>At 1 April 2020 £ 000</b>	<b>Recognised in income statement £ 000</b>	<b>At 31 March 2021 £ 000</b>
Accelerated tax depreciation	157	33	190
Provisions	(523)	766	243
Net tax assets/(liabilities)	<u>(366)</u>	<u>799</u>	<u>433</u>

The movement in deferred tax assets and liabilities during the prior year were:

	<b>At 1 April 2019 £ 000</b>	<b>Recognised in income statement £ 000</b>	<b>At 31 March 2020 £ 000</b>
Accelerated tax depreciation	(574)	731	157
Provisions	(271)	(252)	(523)
Net tax assets/(liabilities)	<u>(845)</u>	<u>479</u>	<u>(366)</u>

As announced in the Chancellor's Budget on 4 March 2021, the headline rate of corporation tax in the UK will increase from 1 April 2023 to 25%. As at the balance sheet date the change in tax rate was not substantively enacted and thus this change is not reflected in the tax charge of these financial statements. The effect of the change of rate will be to move the existing deferred tax asset to a deferred tax liability and to increase this deferred tax liability by £300,000, represented by a tax debit to the income statement of £300,000. The change was substantively enacted on 24 May 2021, following the third reading in the House of Commons.

## Viridor Waste Exeter Limited

### Notes to the Unaudited Financial Statements for the Year Ended 31 March 2021 (continued)

#### 10 Staff costs

The Company has no employees (2020: none). Services provided by the Company were undertaken by employees of Viridor Waste Management Limited, a fellow subsidiary of Viridor Limited (the smallest Group in which this company's results are consolidated). Viridor Waste Management Limited charged a service fee to the Company including the amounts recorded below for 18 (2020: 20) employees who worked predominantly for the Company.

The aggregate payroll costs (including directors' remuneration) were as follows:

	2021 £ 000	2020 £ 000
Wages and salaries	556	590
Social security costs	50	59
Pension costs	35	35
Capitalised manpower costs	(38)	(36)
	<u>603</u>	<u>648</u>

Details of Directors' emoluments are set out in note 11. There are no personnel other than Directors, who as key management exercise authority and responsibility for planning, directing and controlling the activities of the Company

#### 11 Directors' remuneration

	2021 £ 000	2020 £ 000
Aggregate emoluments of the Directors in respect of their services to the Company	<u>16</u>	<u>7</u>

The Company incurred no direct charge for Directors' emoluments but received a proportion of the employment costs of the Directors as a management charge from Viridor Waste Management Limited. Total emoluments of the Directors are disclosed in the Financial Statements of Viridor Waste Management Limited.

#### 12 Non current trade and other receivables

	Note	31 March 2021 £000	31 March 2020 £000
Amounts due from related parties	25	<u>73</u>	<u>73</u>
		<u>73</u>	<u>73</u>

The Directors consider that the carrying amount of trade and other receivables approximates to their fair value.

# Viridor Waste Exeter Limited

## Notes to the Unaudited Financial Statements for the Year Ended 31 March 2021 (continued)

### 13 Property, plant and equipment

	Land and buildings £ 000	Fixed and mobile plant, vehicles and computers £ 000	Landfill restoration £ 000	Assets under construction £ 000	Total £ 000
<b>Cost or valuation</b>					
At 1 April 2019	102,251	3,043	27,518	38	132,850
Prior year adjustment (note4)	-	-	22	-	22
Additions	1	-	-	3,342	3,343
Disposals	-	(480)	-	-	(480)
Transfers/reclassifications	3,248	132	-	(3,380)	-
Other (note 21)	-	-	(711)	-	(711)
At 31 March 2020	105,500	2,695	26,829	-	135,024
At 1 April 2020	105,500	2,695	26,829	-	135,024
Additions	4,035	749	-	72	4,856
Disposals	(94)	(447)	-	-	(541)
Other (note 21)	-	-	(50)	-	(50)
At 31 March 2021	109,441	2,997	26,779	72	139,289
<b>Depreciation</b>					
At 1 April 2019	68,795	1,904	10,420	-	81,119
Prior year adjustment (note4)	-	-	(729)	-	(729)
Charge for year (as restated)	4,527	246	956	-	5,729
Eliminated on disposal	-	(452)	-	-	(452)
At 31 March 2020	73,322	1,698	10,647	-	85,667
At 1 April 2020	73,322	1,698	10,647	-	85,667
Charge for the year	3,709	305	243	-	4,257
Eliminated on disposal	-	(412)	-	-	(412)
At 31 March 2021	77,031	1,591	10,890	-	89,512
<b>Carrying amount</b>					
At 31 March 2021	32,410	1,406	15,889	72	49,777
At 31 March 2020	32,178	997	16,182	-	49,357
At 1 April 2019	33,456	1,139	17,098	38	51,731

Included within the net book value of land and buildings above is £1,921,000 (2020 - £2,015,000) in respect of freehold land and buildings and £30,489,000 (2020 - £30,163,000) in respect of short leasehold land and buildings.

Groups of assets forming cash generating units are reviewed for indicators of impairment. No indicators of impairment were identified during the year.

Asset lives and residual values are reviewed annually. No significant changes were required in the year.

**Viridor Waste Exeter Limited****Notes to the Unaudited Financial Statements for the Year Ended 31 March 2021 (continued)****13 Property, plant and equipment (continued)**

Right of use assets held under leases included above were:

	<b>Machinery £ 000</b>	<b>Property £ 000</b>	<b>Total £ 000</b>
<b>Cost or valuation</b>			
At 1 April 2020	499	612	1,111
Additions	749	465	1,214
Disposals	(84)	-	(84)
At 31 March 2021	<u>1,164</u>	<u>1,077</u>	<u>2,241</u>
<b>Depreciation</b>			
At 1 April 2020	110	12	122
Charge for the year	148	12	160
Eliminated on disposal	(84)	-	(84)
At 31 March 2021	<u>174</u>	<u>24</u>	<u>198</u>
<b>Carrying amount</b>			
At 31 March 2021	<u>990</u>	<u>1,053</u>	<u>2,043</u>
At 31 March 2020	<u>389</u>	<u>600</u>	<u>989</u>

## Viridor Waste Exeter Limited

### Notes to the Unaudited Financial Statements for the Year Ended 31 March 2021 (continued)

#### 14 Investments

<b>Subsidiaries</b>	<b>£ 000</b>
<b>Cost or valuation</b>	
At 1 April 2019	3,651
At 31 March 2020	3,651
At 1 April 2020	3,651
At 31 March 2021	3,651
<b>Provision</b>	
At 1 April 2019	150
At 31 March 2020	150
At 1 April 2020	150
At 31 March 2021	150
<b>Carrying amount</b>	
At 31 March 2021	3,501
At 31 March 2020	3,501
At 1 April 2019	3,501

Investments in subsidiaries are reviewed for impairment when any indicators of impairment are identified. Impairments are recognised where the carrying values of the investments are not recoverable by the subsidiary's discounted cash flows.

The carrying value of the investment is compared to the subsidiary's recoverable amount, which is based predominantly on value-in-use. Value-in-use calculations use the same base cash flow projections used for testing the Group's property, plant and equipment and are derived by adjusting the Group's detailed budget and strategic plan which cover a period of 7 years and are approved by the Board annually.

No impairment charges (2020: none) have been identified.

Details of the subsidiaries as at 31 March 2021 are as follows:

<b>Name of subsidiary</b>	<b>Principal activity</b>	<b>Country of incorporation</b>	<b>Proportion of ownership interest and voting rights held</b>	
			<b>2021</b>	<b>2020</b>
Dragon Waste Limited	Waste Management	England	81%	81%
Astley Minerals Limited	Dormant	England	100%	100%
Pilsworth Forest Limited	Dormant	England	100%	100%
Pilsworth Forest (1996) Limited	Dormant	England	100%	100%
Tokenmarch Limited	Dormant	England	100%	100%
Viridor Waste Wootton Limited	Dormant	England	100%	100%

\*The registered office for the companies listed above is:  
Viridor House, Priory Bridge Road, Taunton, Somerset, TA1 1AP

# Viridor Waste Exeter Limited

## Notes to the Unaudited Financial Statements for the Year Ended 31 March 2021 (continued)

### 15 Financial instruments by category

		Amortised cost		
	Notes	Loans and receivables £000	Trade receivables and trade payables £000	Total £000
<b>31 March 2021</b>				
<b>Financial assets</b>				
Trade and other receivables	12, 17	73	4,219	4,292
Cash and cash equivalents	18	3,032	-	3,032
		<u>3,105</u>	<u>4,219</u>	<u>7,324</u>
<b>Financial liabilities</b>				
Borrowings	20	(52,083)	-	(52,083)
Trade and other payables	19	-	(1,551)	(1,551)
		<u>(52,083)</u>	<u>(1,551)</u>	<u>(53,634)</u>
<b>31 March 2020</b>				
<b>Financial assets</b>				
Trade and other receivables	12, 17	73	5,120	5,193
Cash and cash equivalents	18	2,682	-	2,682
		<u>2,755</u>	<u>5,120</u>	<u>7,875</u>
<b>Financial liabilities</b>				
Borrowings	20	(41,014)	-	(41,014)
Trade and other payables	19	-	(3,015)	(3,015)
		<u>(41,014)</u>	<u>(3,015)</u>	<u>(44,029)</u>

### 16 Inventories

	31 March 2021 £ 000	31 March 2020 £ 000
Raw materials and consumables	<u>41</u>	<u>27</u>



# Viridor Waste Exeter Limited

## Notes to the Unaudited Financial Statements for the Year Ended 31 March 2021 (continued)

### 17 Trade and other receivables

		31 March 2021 £ 000	31 March 2020 £ 000
Trade receivables		4,331	4,830
Provision for impairment of trade receivables		<u>(318)</u>	<u>(28)</u>
Net trade receivables		4,013	4,802
Receivables from related parties	25	206	318
Prepayments and other receivables		<u>736</u>	<u>1,412</u>
		<u>4,955</u>	<u>6,532</u>

The Directors consider that the carrying amount of trade and other receivables approximate to their fair value.

The Company applies the simplified approach in calculating the expected credit losses for trade receivables allowing a provision matrix to be used which is based on the expected life of trade receivables. The expected credit loss rate applied ranges from 0% for not due balances up to 100% for balances aged over 120 days. However there are exceptions, for example where a customer has gone into liquidation a provision will be made regardless of ageing, or conversely if a customer is a major corporate or local authority with no history of default, a provision might not be considered appropriate.

#### The ageing of trade receivables which are past due but not specifically impaired was:

	31 March 2021 £ 000	31 March 2020 £ 000
Not past due	3,277	4,273
Past due 1 - 30 days	714	179
Past due 31 - 120 days	22	134
Past due more than 120 days	<u>-</u>	<u>216</u>
	<u>4,013</u>	<u>4,802</u>

There is no significant concentration of credit risk in trade receivables. The company has a large number of customers who are dispersed and there is no expectation of a significant loss on trade receivables which have not been provided for.

#### The movement in the allowance for expected credit losses in respect of trade receivables was:

		31 March 2021 £ 000	31 March 2020 £ 000
At start of year		28	107
Movement in provision for expected credit losses	6	<u>290</u>	<u>(79)</u>
		<u>318</u>	<u>28</u>

## Viridor Waste Exeter Limited

### Notes to the Unaudited Financial Statements for the Year Ended 31 March 2021 (continued)

#### 18 Cash and cash equivalents

	31 March 2021 £ 000	31 March 2020 £ 000
Cash on hand	3,032	2,158
Other deposits	-	524
	<u>3,032</u>	<u>2,682</u>
Less: deposits with a maturity of three months or more	-	(524)
Cash and cash equivalents for the purposes of the cash flow statement	<u>3,032</u>	<u>2,158</u>

Other deposits comprise locked and bonded accounts representing funds set aside to meet future obligations required under the granting of certain operating licences and carry interest at commercial banking rates

#### 19 Trade and other payables

	Note	31 March 2021 £ 000	31 March 2020 £ 000
Trade payables		167	220
Accrued expenses		2,102	2,180
Amounts due to related parties	25	1,384	2,795
Social security and other taxes		<u>6,565</u>	<u>5,564</u>
		<u>10,218</u>	<u>10,759</u>

The Directors consider that the carrying amount of trade and other payables approximates to their fair value.

#### 20 Loans and borrowings

##### Current loans and borrowings

	Note	31 March 2021 £ 000	31 March 2020 £ 000
Finance lease liabilities		210	72
Amounts due to related parties	25	-	2,000
		<u>210</u>	<u>2,072</u>

The Directors consider that the carrying amounts of current borrowings approximate to their fair value.

# Viridor Waste Exeter Limited

## Notes to the Unaudited Financial Statements for the Year Ended 31 March 2021 (continued)

### 20 Loans and borrowings (continued)

#### Non-current loans and borrowings

	Note	31 March 2021		31 March 2020	
		Book Value £000	Fair Value £000	Book Value £000	Fair Value £000
Finance lease liabilities		1,859	1,859	928	928
Amounts due to related parties	25	50,014	44,388	38,014	39,068
		<u>51,873</u>	<u>46,247</u>	<u>38,942</u>	<u>39,996</u>

Where market values are not available, fair values of borrowings have been calculated by discounting expected future cash flows at prevailing interest rates.

#### Maturity of non-current borrowings:

	31 March 2021 £ 000	31 March 2020 £ 000
Between 1 and 2 years	5,991	4,292
Between 2 and 5 years	17,042	12,892
Over 5 years	28,840	21,758
	<u>51,873</u>	<u>38,942</u>

The weighted average maturity of non-current borrowings was 10.0 years (2020: 10 years).

#### Total borrowings

	31 March 2021 £ 000	31 March 2020 £ 000
Finance lease liabilities	2,069	1,000
Amounts due to Immediate parent company	50,000	-
Amounts due to Fellow subsidiary	-	40,000
Amounts due to Subsidiary undertaking	14	14
	<u>52,083</u>	<u>41,014</u>

During the year, the Company's immediate parent changed from Viridor Waste Limited to Viridor Waste Management Limited. The 2021 £50,000,000 amount due to immediate parent company and 2020 £40,000,000 amount due to fellow subsidiary both have Viridor Waste Management Limited as counterparty. The loans are unsecured. Interest is charged at a fixed rate of 1.1%. (2020: 50% of the balance at a fixed rate of 5.0% and 50% of the balance at the bank of England base rate plus 0.25%).

## Viridor Waste Exeter Limited

### Notes to the Unaudited Financial Statements for the Year Ended 31 March 2021 (continued)

#### 21 Provisions

		Landfill restoration and environmental provisions £000	Other provisions £ 000	Total £ 000
	Note			
At 1 April 2020 (as restated, note4)		30,211	4,800	35,011
Additional provisions		555	2,102	2,657
Provisions utilised		(2,780)	-	(2,780)
Unwinding of discounts	8	940	-	940
Landfill restoration	13	(50)	-	(50)
At 31 March 2021		<u>28,876</u>	<u>6,902</u>	<u>35,778</u>
Non-current liabilities 2021		26,099	-	26,099
Current liabilities 2021		<u>2,777</u>	<u>6,902</u>	<u>9,679</u>
		<u>28,876</u>	<u>6,902</u>	<u>35,778</u>
Non-current liabilities 2020		27,851	-	27,851
Current liabilities 2020		<u>2,360</u>	<u>4,800</u>	<u>7,160</u>
		<u>30,211</u>	<u>4,800</u>	<u>35,011</u>

Environmental and landfill restoration provisions are incurred during the operational life of each landfill site and for a considerable period thereafter. The period of aftercare post-closure and the level of costs expected are uncertain and can vary significantly from site to site. 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.

Environmental and landfill restoration provisions are expected to be substantially utilised throughout the operational life of a site and for landfill sites within 60 years of closure. The provisions have been established assuming current waste management technology based upon estimated costs at future prices which have been discounted to present value. A discount rate of 4.22% (2020: 4.22%) and an inflation rate of 2.0% (2020: 2.0%) have been applied to the aftercare provision and a discount rate of 2.92% (2020: 2.92%) and an inflation rate of 2.0% (2020: 2.0%) to the restoration provision. The previous year has been restated due to an accounting error as detailed under note21 .

A decrease to the landfill restoration provision of £50,000 was recognised in the year (2020: decrease of £711,000) and has been matched with a movement in property, plant and equipment.

Other provisions of £6,902,000 (2020: £4,800,000) have been recognised, conforming with IAS 37 Provisions, contingent liabilities and contingent assets, as liabilities of uncertain timing or amount arising from obligations from Viridor's operations which are not subject to permit requirements.

## Viridor Waste Exeter Limited

### Notes to the Unaudited Financial Statements for the Year Ended 31 March 2021 (continued)

#### 22 Share capital

##### Allotted, called up and fully paid shares

	31 March 2021		31 March 2020	
	No.	£	No.	£
Ordinary shares of £1 each	<u>8,500,090</u>	<u>8,500,090</u>	<u>8,500,090</u>	<u>8,500,090</u>

#### 23 Commitments

##### Capital commitments

The total amount contracted for but not provided in the financial statements was £527,000 (2020 - £526,000).

#### 24 Contingent liabilities

	31 March 2021 £ 000	31 March 2020 £ 000
Bank guarantees	3,032	2,158
Performance bonds	<u>4,535</u>	<u>5,269</u>
	<u>7,567</u>	<u>7,427</u>

##### i) Bank guarantees

Certain banking arrangements of the Company operate on a pooled basis with certain other Group companies and under these arrangements, credit balances of participating companies can be offset against overdrawn balances of participating companies.

##### ii) Performance bonds

Due to the long term nature of the company's operations and the requirement to provide for future obligations arising from the grant of licences to operate waste transfer and disposal facilities, it has provided guarantees underwritten (in the form of bonds) by United Kingdom financial institutions to secure funds to meet these obligations.

No financial liabilities are expected to crystallise from the contingent liabilities.

## Viridor Waste Exeter Limited

### Notes to the Unaudited Financial Statements for the Year Ended 31 March 2021 (continued)

#### 25 Related party transactions

The inter-company relationships described below relate to the relationships that existed at 31 March.

##### Year end balances

	Note	31 March 2021 £000	31 March 2020 £000
<b>Non-current receivables</b>			
Subsidiary undertaking		<u>73</u>	<u>73</u>
	12	<u>73</u>	<u>73</u>
<b>Current receivables</b>			
Immediate parent company		201	-
Fellow subsidiaries		4	310
Subsidiary undertakings		<u>1</u>	<u>8</u>
	17	<u>206</u>	<u>318</u>
<b>Non-current borrowings</b>			
Immediate parent company		(50,000)	-
Fellow subsidiaries		-	(38,000)
Subsidiary undertakings		<u>(14)</u>	<u>(14)</u>
	20	<u>(50,014)</u>	<u>(38,014)</u>
<b>Current borrowings</b>			
Fellow subsidiaries		<u>-</u>	<u>(2,000)</u>
	20	<u>-</u>	<u>(2,000)</u>
<b>Current trade payables</b>			
Immediate parent company		(1,384)	-
Fellow subsidiaries		<u>-</u>	<u>(2,795)</u>
	19	<u>(1,384)</u>	<u>(2,795)</u>

The trading balances due to related parties are interest free, unsecured and repayable on demand.

During the year, the Company's immediate parent changed from Viridor Waste Limited to Viridor Waste Management Limited. The 2021 £50,000,000 amount due to immediate parent company and 2020 £40,000,000 amount due to fellow subsidiary both have Viridor Waste Management Limited as counterparty. The loans are unsecured. Interest is charged at a fixed rate of 1.1%. (2020: 50% of the balance at a fixed rate of 5.0% and 50% of the balance at the bank of England base rate plus 0.25%).

# Viridor Waste Exeter Limited

## Notes to the Unaudited Financial Statements for the Year Ended 31 March 2021 (continued)

### 25 Related party transactions (continued)

#### Transactions with related parties

##### Income from related parties:

	Immediate parent company £ 000	Total £000
<b>2021</b>		
Sale of goods and services	5	5
	Fellow subsidiaries £ 000	Total £000
<b>2020</b>		
Sale of goods and services	4,656	4,656

##### Expenditure with related parties:

		Immediate parent company £ 000	Fellow subsidiaries £ 000	Total £000
<b>2021</b>	<b>Note</b>			
Purchase of goods and services		(2,346)	(468)	(2,814)
Administrative charges		(817)	-	(817)
Payment for provision of loan finance	8	-	(498)	(498)
		(3,163)	(966)	(4,129)
		Ultimate parent company £ 000	Fellow subsidiaries £ 000	Total £000
<b>2020</b>	<b>Note</b>			
Purchase of goods and services		-	(125)	(125)
Administrative charges		-	(562)	(562)
Payment for provision of loan finance	8	(17)	(1,104)	(1,121)
		(17)	(1,791)	(1,808)

Sales and purchases of goods and services with fellow subsidiaries of Viridor Limited are undertaken on normal commercial terms and conditions that would also be available to unrelated third parties.

## **Viridor Waste Exeter Limited**

### **Notes to the Unaudited Financial Statements for the Year Ended 31 March 2021 (continued)**

#### **26 Parent and ultimate parent undertaking**

The company's immediate parent is Viridor Waste Management Limited.

The ultimate parent was KKR Planets Aggregator L.P..

The most senior parent entity producing publicly available financial statements was Planets UK MidCo Limited. These financial statements are available upon request from 11th Floor, 200 Aldersgate Street, London, United Kingdom, EC1A 4HD

#### **Relationship between entity and parents**

The parent of the largest group in which these financial statements are consolidated is Planets UK MidCo Limited, incorporated in England.

The address of Planets UK MidCo Limited is:

11th Floor, 200 Aldersgate Street, London, United Kingdom, EC1A 4HD

The parent of the smallest group in which these financial statements are consolidated is Viridor Limited, incorporated in England.

The address of Viridor Limited is:

Viridor House, Priory Bridge Road, Taunton, Somerset, TA1 1AP