Registered number. 01992756

VIRIDOR LONDON RECYCLING LIMITED

ANNUAL REPORT AND
FINANCIAL STATEMENTS FOR THE YEAR
ENDED 31 MARCH 2011

ANNUAL REPORT AND FINANCIAL STATEMENTS

for the year ended 31 March 2011

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VIRIDOR LONDON RECYCLING LIMITED

DIRECTORS' REPORT

The Directors present their report and the financial statements for the year ended 31 March 2011 The previous audited financial statements were for the seven months ended 31 March 2010 during which period the company traded for the three months ended 30 November 2009

On 30 November 2009, the business, trade and net assets of the Company were sold at net book value to Viridor Waste Management Limited, the immediate parent company The Company ceased trading at that date

PRINCIPAL ACTIVITIES

During the year the company did not trade and incurred neither profit nor loss (2010 loss of £1,257,000)

BUSINESS REVIEW

Financial results

The Company did not trade and incurred neither profit nor loss (2010 loss of £1,257,000)

Dividends and reserves

The Directors do not recommend the payment of a final dividend for the year ended 31 March 2011 (2010 nil)

Principal risks and uncertainties

As the Company has ceased trading its principal risks arise only from unforeseen claims

Going concern

Having considered the Company's funding position and financial projections, the Directors have a reasonable expectation that the Company will continue its operational existence for the foreseeable future For this reason they continue to adopt the going concern basis in preparing the financial statements

PARENT COMPANY

The Company is a wholly-owned subsidiary of Viridor Waste Management Limited Its ultimate parent undertaking is Pennon Group Plc

DIRECTORS

The Directors who served on the Board during the period and up to the date of signing the financial statements were

M Hellings	
D B Robertson	(resigned 31 March 2011)
B S Hurley	
A M D Kirkman	(appointed 1 April 2011)

DIRECTORS' RESPONSIBILITIES STATEMENT

The Directors are responsible for preparing the Directors' 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 prepared the financial statements in accordance with International Financial Reporting Standards ('IFRS') as adopted by the European Union 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

DIRECTORS' REPORT (Continued)

DIRECTORS' RESPONSIBILITIES STATEMENT (Continued)

In preparing these financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgements and estimates that are reasonable and prudent,
- state whether applicable International Financial Reporting Standards (IFRS) as adopted by the European Union have been followed, subject to any material departures disclosed and explained in the financial statements,
- 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

AUDITORS

In accordance with the Companies Act 1985 (Audit Exemption) (Amendment) Regulations 2000, the Company, as a dormant company and entitled to certain exemptions conferred by the Companies Act 2006, is exempt from audit

By Order of the Board

M L HEELEY
Company Secretary

15 December 2011

Income statement for the year ended 31 March 2011

	Notes	2011 £000	Seven months ended 31 March 2010 Before exceptional items £000	Exceptional items (notes 3 and 6) £000	Total £000
Revenue		-	2,037	-	2,037
Operating costs	3				
Manpower costs		-	(530)	-	(530)
Raw materials and consumables used		-	(756)	-	(756)
Depreciation		-	(68)	(494)	(562)
Other operating expenses		-	(923)	(840)	(1,763)
Operating profit/(loss)		-	(240)	(1,334)	(1,574)
Finance income	5	-	22	-	22
Profit/(loss) before tax		-	(218)	(1,334)	(1,552)
Taxation	6	-	(23)	318	295
Profit/(loss) for the year		-	(241)	(1,016)	(1,257)
Profit/(loss) attributable to equity shareholders		-	(241)	(1,016)	(1,257)

All operating activities are discontinued

The notes on pages 8 to 16 form part of these financial statements

Statement of comprehensive income for the year ended 31 March 2011

	Year ended 31 March 2011 £000	Seven months ended 31 March 2010 £000
Comprehensive income/(loss) attributable to equity shareholders	-	(1,257)

The notes on pages 8 to 16 form part of these financial statements

VIRIDOR LONDON RECYCLING LIMITED

Balance sheet at 31 March 2011

	Notes	31 March 2011 £000	31 March 2010 £000
Assets			
Non-current assets			
Property, plant and equipment	9	-	-
Current assets			
Trade and other receivables	11	1,550	1,550
Net current assets		1,550	1,550
Net assets		1,550	1,550
Shareholders' equity			
Share capital	13	1	1
Retained earnings	14	1,549	1,549
Total shareholders' equity		1,550	1,550

The notes on pages 8 to 16 form part of these financial statements

(a) For the year ended 31 March 2011 the Company was entitled to the exemption under Section 480 of the Companies Act 2006

(b) Members have not required the Company to obtain an audit of its financial statements for the year ended 31 March 2011 in accordance with Section 476 of the Companies Act 2006

(c) The Directors acknowledge their responsibilities for

(i) ensuring the Company keeps accounting records as required by legislation, and

(ii) the preparation of accounts that give a true and fair view of the state of affairs of the Company as at the end of the financial year, and of its profit or loss for the financial year, in accordance with the requirements of Section 393 of the Companies Act 2006, and which otherwise comply with the requirements of the Companies Act relating to financial statements, so far as applicable to the Company

The financial statements on pages 3 to 16 were approved by the Board of Directors and authorised for issue on 15 December 2011 and were signed on its behalf by

A M D KIRKMAN
Director

Registered number 01992756

Statement of changes in equity

	Share capital £000	Retained earnings £000	Total equity £000
As at 1 September 2009	1	2,806	2,807
Loss for the period	-	(1,257)	(1,257)
Total comprehensive loss for the period	-	(1,257)	(1,257)
Transactions with owners			
Dividends paid	-	-	-
As at 31 March 2010	1	1,549	1,550
Profit for the year	-	-	-
Total comprehensive income for the year	-	-	-
Transactions with owners			
Dividends paid	-	-	-
As at 31 March 2011	**1**	**1,549**	**1,550**

The notes on pages 8 to 16 form part of these financial statements

Cash flow statement for the year ended 31 March 2011

	Notes	Year ended 31 March 2011 £000	Seven months ended 31 March 2010 £000
Cash flows from operating activities			
Cash flow used in operations	15	-	(429)
Net cash flow used in operating activities		-	(429)
Cash flows from financing activities			
Finance lease principal repayments		-	(65)
Net cash used in financing activities		-	(65)
Net decrease in cash and cash equivalents		-	(494)
Cash and cash equivalents at beginning of the year		-	494
Cash and cash equivalents at end of the year		-	-

The notes on pages 8 to 16 form part of these financial statements

NOTES TO THE FINANCIAL STATEMENTS

1 General information

Viridor London Recycling Limited is a company registered in the United Kingdom under the Companies Act 2006 The address of the registered office is Peninsula House, Rydon Lane, Exeter, Devon, EX2 7HR The nature of the Company's operations and its principal activities are set out in the Directors' report on pages 1 and 2

2 Principal accounting policies

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

(a) Basis of preparation
These financial statements have been prepared on the historical cost accounting basis (except fair value items, principally derivatives as described in accounting note (f)) and in accordance with International Financial Reporting Standards ('IFRS'), and International Financial Reporting Interpretations Committee ('IFRIC') interpretations as adopted by the European Union, and with those parts of the Companies Act 2006 applicable to companies reporting under IFRS A summary of the principal accounting policies is set out below, together with an explanation where changes have been made to previous policies on the adoption of new accounting standards and interpretations in the year

The going concern basis has been adopted in preparing these financial statements as stated by the directors on page 1

The following revised standards, amended standards and interpretations, which are mandatory for the first time in the financial year beginning 1 April 2010, are relevant to the Company but have no material impact

IFRS 1	'First-time adoption of IFRS' (revised)
IFRS 1	'First-time adoption of IFRS' (amendment)
IFRS 2	Share-based payment' (amendment)
IFRS 3	Business combinations' (revised)

Improvements to IFRS 2009

IAS 27	'Consolidated and separate financial statements' (revised)
IAS 32	'Financial instruments presentation' (amendment)
IAS 39	'Financial instruments recognition and measurement' (amendment)
IFRIC 15	'Agreement for construction of real estate'
IFRIC 16	'Hedges of a net investment in a foreign operation'
IFRIC 16	'Distribution of non-cash assets to owners'

At the date of the approval of these financial statements the following new, revised and amended standards, which have not been applied in this financial information, were in issue, but not yet effective

IFRS 1	'First-time adoption of IFRS' (revised)
IAS 24	'Related party disclosures' (revised)

Improvements to IFRSs 2010

IFRIC 14	Prepayments a minimum funding requirement' (amendment)
IFRIC 19	Extinguishing financial liabilities with equity instruments'
IFRS 1	First-time adoption of IFRS' (amendment)*
IFRS 7	'Financial instruments disclosure' (amendment)*
IFRS 9	'Financial instruments' on financial assets (revised)*
IFRS 9	'Financial instruments on financial liabilities (revised)*
IFRS 10	'Consolidated financial statements' (revised)*
IFRS 11	'Joint arrangements' (revised)*
IFRS 12	'Disclosure of interests in other entities' (revised)*
IFRS 13	'Fair value measurement (revised)*
IAS 1	'Financial statement presentation' (amendment)*
IAS 12	'Income taxes' (amendment)*
IAS 19	'Employee benefits' (revised)*
IAS 27	'Separate financial statements' (revised)*
IAS 28	'Investments in associates and joint ventures' (revised)*

* Denotes not yet endorsed for use in the European Union

NOTES TO THE FINANCIAL STATEMENTS (Continued)

2 Principal accounting policies (continued)

(a) Basis of preparation (continued)
The presentational impact of these standards and interpretations is being assessed The Directors expect that the adoption of these standards and interpretations in future periods will have no material impact on the financial statements of the Company

The preparation of financial statements in conformity with generally accepted accounting principles requires the use of estimates and assumptions which affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period Although these estimates are based on management's best assessment of the amounts, actual events or actions and results may ultimately differ from those estimates

(b) Revenue recognition

Revenue represents the fair value of consideration receivable, excluding value added tax and trade discounts, in the ordinary course of business for goods and services provided

Revenue is recognised once the services or goods have been provided to the customer

Interest income is recognised on a time-apportioned basis using the effective interest method

(c) Property, plant and equipment

Property, plant and equipment are included at cost less accumulated depreciation

Property, plant and equipment are depreciated evenly to their residual value over their estimated economic lives, and are principally

Leasehold buildings	Over their estimated economic lives or the finance lease period, whichever is the shorter
Vehicles, plant and computers	3 - 10 years

Assets in the course of construction are not depreciated until commissioned

The cost of assets includes directly attributable labour and overhead costs which are incremental to the Company Borrowing costs that are directly attributable to the construction of a qualifying asset (an asset necessarily taking a substantial period of time to be prepared for its intended use) are capitalised as part of the asset

Asset lives and residual values are reviewed annually

Gains or losses on disposal are determined by comparing sale proceeds with carrying amounts These are included in the income statement in other operating expenses

(d) Cash and cash deposits

Cash and cash deposits comprise cash in hand and short-term deposits held at banks

NOTES TO THE FINANCIAL STATEMENTS (Continued)

2 Principal accounting policies (continued)

(e) Derivatives and financial instruments

The Company classifies its financial instruments in the following categories

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

The Company does not use derivative financial instruments

(f) Taxation including deferred tax

The tax charge for the year is calculated on the basis of tax laws enacted or substantively enacted at the balance sheet date Deferred tax is provided in full, using the liability method, on temporary differences between the tax basis of assets and liabilities and their carrying amounts in the financial statements A deferred tax asset is only recognised to the extent it is probable that sufficient taxable profits will be available in the future for it to be utilised

Where a wholly owned subsidiary within the Viridor group incurs a loss for tax purposes, that loss is surrendered to tax paying companies within the group at nil value Where the surrendering or claimant company is not wholly owned, the surrender takes place at a consideration based on the discounted value of the tax losses available

(g) 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 a financial item within finance costs

(h) Share capital

Ordinary shares are classified as equity

(i) Dividend distributions

Dividend distributions are recognised as a liability in the financial statements in the period in which the dividends are approved by the Company's shareholders Interim dividends are recognised when paid The Company does not pay a final dividend

NOTES TO THE FINANCIAL STATEMENTS (Continued)

2 Principal accounting policies (continued)

(j) Employee benefits

i) Retirement benefit obligations
The Company participates in both a defined benefit and a defined contribution scheme operated by the ultimate parent, Pennon Group Plc Costs of the scheme are included in the employment cost recharge from Viridor Waste Management Limited as all employees are contracted to that company

The Directors consider it appropriate to account for the defined benefit scheme as a defined contribution scheme The Directors do not consider there to be a material impact on the financial statements of the Company due to the significant proportion of the scheme assets and liabilities being attributed to Viridor Waste Management Limited, where the required disclosures have been made

ii) Share-based payment
Pennon Group Plc operates a number of equity-settled, share-based payment plans for its employees Costs of the schemes are not recharged to the Company by Viridor Waste Management Limited with whom all employees are contracted Required disclosures have been made within the accounts of Viridor Waste Management Limited

(k) 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

(l) Exceptional items

Income and costs that are individually significant to the Company's results and not part of the core trading activity are recorded as exceptional items Exceptional items include gains on disposal of business operations

3 Operating costs

	Year ended 31 March 2011 £000	Seven months ended 31 March 2010 £000
Manpower costs (note 7)	-	530
Raw materials and consumables	-	756
Other operating expenses.		
Operating lease rentals payable		
- Property	-	26
Power	-	11
Rates	-	10
Hired and contracted services	-	322
Other external charges	-	554
	-	923
Depreciation of property, plant and equipment		
- Owned assets	-	68

NOTES TO THE FINANCIAL STATEMENTS (Continued)

3 Operating costs (continued)

	Year ended 31 March 2011 £000	Seven months ended 31 March 2010 £000
Exceptional items		
The items charged to this category recognise potential liabilities identified at the acquisition, together with those identified as associated with adoption of Viridor Waste Group policies and can be summarised as		
Depreciation – Write down of plant, vehicles, and equipment values	-	494
Other operating expenses – Provisions for remediation	-	840

4 Audit

	Year ended 31 March 2011 £000	Seven months ended 31 March 2010 £000
Fees payable to the Company's auditors for the audit of the Company's accounts in the year were	-	4

5 Net Finance income

	Year ended 31 March 2010 £000	Seven months ended 31 March 2010 £000
Finance income		
Net finance income	-	22

6 Taxation

Analysis of charge/(credit) in year	Year ended 31 March 2010 £000	Seven months ended 31 March 2010 £000
Current tax	-	-
Deferred tax (note 12)	-	(295)
Tax on profit on ordinary activities	-	(295)

UK Corporation tax is calculated at 28% (2010 28%) of the estimated assessable profit for the year

NOTES TO THE FINANCIAL STATEMENTS (Continued)

6 Taxation (continued)

The tax for the year differs from the theoretical amount that would arise using the standard rate of corporation tax in the UK (28%) from

	Year ended 31 March 2011 £000	Seven months ended 31 March 2010 £000
Profit/(loss) on ordinary activities before tax discontinued operations	-	(1,552)
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK 28% (2010 28%)	-	(435)
Effects of		
Expenses not deductible for tax purposes	-	59
Group relief not surrendered at full rate	-	52
Adjustments to tax charge in respect of prior year	-	29
Tax charge/(credit) for year	-	(295)

The average applicable tax rate for the period was nil (2010 19%)

7 Employment costs

The Company has no employees Services provided by the Company were undertaken by employees of Viridor Waste Management Limited, the parent undertaking Viridor Waste Management Limited charged a service fee to the Company including the amounts recorded below for no (2010 86) employees who worked predominantly for the Company

	Year ended 31 March 2011 £000	Seven months ended 31 March 2010 £000
Employment costs comprise		
Wages and salaries	-	495
Social security costs	-	25
Pension costs	-	10
Total employment costs	-	530

Details of Directors emoluments are set out in note 8 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

8 Directors' emoluments

No emoluments were paid to Directors in respect of their services to the Company during the year ended 31 March 2011 (seven month period ended 31 March 2010 nil) The Company incurred no direct charge for Directors services, their emoluments are disclosed in the accounts of Viridor Waste Management Limited

NOTES TO THE FINANCIAL STATEMENTS (Continued)

9 Property, plant and equipment

	Leasehold land and buildings £000	Fixed and mobile plant, vehicles and computers £000	Total £000
Cost			
At 1 September 2009	2,685	2,468	5,153
Disposals	(2,685)	(2,468)	(5,153)
At 31 March 2010	-	-	-
At 31 March 2011	-	-	-
Depreciation			
At 1 September 2009	363	1,600	1,953
Charge for period	12	550	562
Disposals	(375)	(2,150)	(2,525)
At 31 March 2010	-	-	-
At 31 March 2011	-	-	-
Net book value			
At 31 March 2010	-	-	-
At 31 March 2011	-	-	-

Asset lives and residual values are reviewed annually In the opinion of the Directors there is no material difference between the market value and net book value of land and buildings

10. Financial instruments by category

	Note	Amortised cost Other receivables £000
31 March 2011		
Financial assets		
Trade and other receivables - current	11	**1,550**
31 March 2010		
Financial assets		
Trade and other receivables - current	11	1,550

11 Trade and other receivables - current

	31 March 2011 £000	31 March 2010 £000
Amounts due from immediate parent undertaking	**1,550**	1,550

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

NOTES TO THE FINANCIAL STATEMENTS (Continued)

12 Deferred tax

Deferred tax is provided in full on temporary differences under the liability method using a tax rate of 26% (2010 28%)

Movements on the deferred tax account were

	2011 **£000**	2010 £000
At 1 April/1 September	-	(169)
Credited to the income statement	-	295
Transferred on disposal of trade	-	(126)
At 31 March	-	-

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 IAS12 The movement in deferred tax assets and liabilities is shown below

Deferred tax (liabilities)/assets	Accelerated tax depreciation £000	Provisions £000	Total £000
At 1 September 2009	(169)	-	(169)
Credited to the income statement (note 6)	116	169	295
Transferred on disposal of trade	53	(169)	(126)
At 31 March 2010	-	-	-
At 31 March 2011	-	-	-

13 Share capital

	Authorised **£000**	**Allotted, called up and fully paid** **£000**
At 1 September 2009		
1,000 ordinary shares of £1 each	1	1
At 31 March 2010	1	1
At 31 March 2011	**1**	**1**

14 Retained earnings

	£000
At 1 September 2009	2,806
Loss for the period	(1,257)
At 31 March 2010	1,549
Profit for the year	-
At 31 March 2011	**1,549**

NOTES TO THE FINANCIAL STATEMENTS (Continued)

15 Cash flow from operating activities

Reconciliation of profit/(loss) for the year/period to cash generated from/(used in) operations

Discontinued operations

	Year ended 31 March 2011 £000	Seven months ended 31 March 2010 £000
Profit/(loss) for the year/period	-	(1,257)
Adjustments for		
Depreciation charge	-	562
Finance income	-	(22)
Taxation	-	(295)
Changes in working capital		
Decrease in inventories	-	2
Increase in trade and other receivables	-	(23)
Decrease in trade and other payables	-	(236)
Increase in provisions	-	840
Cash generated from/(used in) operations	-	(429)

16 Related party transactions

During the year/period, the Company entered into the following transactions with related parties

	Year ended 31 March 2011 £000	Seven months ended 31 March 2010 £000
With immediate parent undertaking		
Transfer of trade and net assets to Viridor Waste Management Limited	-	2,067
Payments made on Company's behalf	-	4
With fellow subsidiary undertakings		
Purchases of goods and services	-	224
Year end balances		
Receivables due from related parties		
With immediate parent undertaking	**1,550**	1,550

17 Ultimate parent undertaking

The Company is a wholly owned subsidiary of Viridor Waste Management Limited, a company registered in England

The parent company of the smallest group into which the Company's results are consolidated is Viridor Limited, which is registered in England Group financial statements are included in the Annual Report of Viridor Limited which is available from Peninsula House, Rydon Lane, Exeter, Devon, EX2 7HR

The ultimate parent company and controlling party is Pennon Group Plc which is registered in England, this is the largest group in which the Company's results are consolidated Group financial statements are included in the Annual Report of Pennon Group Plc which is available from Peninsula House, Rydon Lane, Exeter, Devon, EX2 7HR