

Registered number: 03157676

VEOLIA ES ENERGY PERFORMANCE (UK) LIMITED

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022



VEOLIA ES ENERGY PERFORMANCE (UK) LIMITED

COMPANY INFORMATION

Directors	John Patrick Abraham Christophe Bellynck Valérie Isabelle Marie Clavié Celia Rosalind Gough Tracy Jayne Knipe
Company secretary	Katherine Swainsbury
Registered number	03157676
Registered office	210 Pentonville Road London N1 9JY
Independent auditor	BSG Valentine (UK) LLP Chartered Accountants & Statutory Auditor Lynton House 7-12 Tavistock Square London WC1H 9BQ

VEOLIA ES ENERGY PERFORMANCE (UK) LIMITED

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VEOLIA ES ENERGY PERFORMANCE (UK) LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2022

The Directors present their report and the financial statements for the year ended 31 December 2022.

Introduction

The principal activity of Veolia ES Energy Performance (UK) Limited ("the Company") is to provide energy services to third party customers. In 2011, the Company commissioned a project for the Natural History Museum ("NHM"), currently its only customer, which consists of a finance lease and a maintenance agreement over a 15 year period.

The Company is registered and domiciled in the United Kingdom.

The Company is part of the Veolia Group, ("the Group") which is defined as all companies under the control of the ultimate parent company, Veolia Environnement S.A., headquartered in Paris. The Company is also a member of the "UK&I group", a division of the Group, based in the UK and Ireland and involved in the provision of waste, water and energy services, and directly or indirectly under the ownership of Veolia UK Limited ("VUK").

Business review

The Company continued to provide energy services to NHM and is expected to continue to do so in the foreseeable future in line with the agreed contract.

Revenue for 2022 has increased to £200k (2021: £174k) due to indexation of the service fee in line with the contract terms. Profit for the year before tax has also increased to £141k (2021: £103k) as a result of the additional revenue and an increase in interest receivable.

The Company's performance is measured in relation to the total contribution to the Group, therefore the key financial performance indicators of the Company are defined by the Group. The key financial performance indicators as they would appear in the management review are as follows:

	2022 £000	2021 £000
Revenue	200	174
Adjusted EBITDA	246	205
Adjusted EBITDA as a percentage of revenue	123.0 %	117.8 %
Adjusted 'current' EBIT	64	35

The definitions below are standard for the Group and do not necessarily imply that the Company has incurred such costs in the year:

- Adjusted EBITDA excludes charges arising from the creation of, or increase in, provisions and credits arising from the reduction in, or release of, provisions, restructuring costs and foreign exchange differences, and where appropriate, is adjusted for movements in financial assets in respect of the unwinding of the discount on the fair value and repayment of the asset in the year;
- Adjusted 'current' EBIT excludes restructuring costs, foreign exchange differences with no adjustments being made in respect of repayments on financial assets.

The Group uses these adjusted definitions for its own internal purposes as it is felt they better represent the ongoing business performance to management by focusing on cash generating factors within management's control. Refer to note 5 for a reconciliation of these key performance indicators to operating profit.

Results and dividends

The profit for the year, after taxation, amounted to £115k (2021: £82k).

There were no dividends paid in the year under review (2021: £nil).

VEOLIA ES ENERGY PERFORMANCE (UK) LIMITED

DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2022

Directors

The Directors who served during the year and to the date of this report were:

John Patrick Abraham
Christophe Bellynck
Valérie Isabelle Marie Clavié
Celia Rosalind Gough
Tracy Jayne Knipe

No Director has, or has had, a material interest in the Company, directly or indirectly at any time during the year.

Directors' indemnity

The Directors are entitled to be indemnified by the Company to the extent permitted by law in respect of losses arising out of, or in connection with, the execution of their powers, duties and responsibilities. Veolia Environnement S.A., the Company's ultimate parent company, maintains Directors' and Officers' liability insurance for the Directors in respect of their duties as directors. Such qualifying third party indemnity provision was in place throughout the period and remains in force as at the date of approving the Directors' report. Neither the indemnities nor the insurance provide cover in the event that the Director is proved to have acted fraudulently.

Going concern

The Company's Balance Sheet shows net assets of £2,362k (2021: £2,247k), and at year end reported net current assets of £2,362k (2021: £2,247k). The Company participates in the Group centralised treasury arrangements and so shares banking and intercompany loan arrangements with the Group, VUK and other UK based fellow subsidiaries. The Company is managed as part of the UK&I group and budgets and forecasts are prepared at that level. The UK&I group's forecasts and budgets identify that the UK&I group is expected to remain cash generative and therefore be able to meet its liabilities as they fall due for a period of at least 12 months from the date on which these financial statements are approved. A key assumption in the UK&I group's forecasts is the continuing availability of funds that are swept into the Group Treasury cash pooling arrangements and the intercompany loans provided by the Group to VUK and other UK based fellow subsidiaries.

VUK has received a letter of financial support from the UK&I group's ultimate parent company, Veolia Environnement S.A., which confirms that the Group, if required, will provide financial support to VUK for the period until 31 December 2024. VUK has in turn provided a letter of support to the Company to confirm that VUK will, if required, provide financial support to the Company for the same period.

The Directors of VUK have considered the information regarding the Group's ability to provide support to VUK. This includes reviewing the most recent publicly available financial information and making inquiries of the Group to confirm the position through to the date of approval of these financial statements. As a result the Directors of the Company have concluded that the Group has sufficient liquidity to provide any required support and to withstand reasonable stress testing.

The Directors of the Company have concluded that, if required, the Group will be able to provide financial support to VUK, who in turn will be able to provide financial support to the Company, for the period until 31 December 2024. Accordingly, the Directors are satisfied that they have a reasonable basis upon which to conclude that the Company is able to meet its liabilities as they fall due in the foreseeable future and that it remains appropriate to prepare the financial statements on a going concern basis.

VEOLIA ES ENERGY PERFORMANCE (UK) LIMITED

DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2022

Future developments

The Directors have considered the impact of the ongoing conflict and related sanctions in Ukraine, Russia and Belarus and remain confident of the ability of the Company to continue to meet its customer's demands.

Although there are continuing pressures on inflation and interest rates generally, and while potential disruption to supply chain lead times remain, the Directors consider the Company, along with other members of the UK&I group, remains well placed in all aspects of the environmental and energy management industry.

Principal risks and uncertainties

In common with all businesses, the Company recognises certain risk factors that are both external and internal to the Company. The Directors consider the principal risks and uncertainties to which the Company is exposed are intrinsic to the business it operates and its ability to provide the relevant contracted services.

The following highlights some of the particular risks, but is not intended to be an extensive analysis of all risks affecting the business. Some risks may be unknown to the Company and other risks, currently regarded as immaterial, could turn out to be material. All of them have a potential to impact the Company's business, revenue, profits, assets, liquidity and capital resources adversely. The Company manages the majority of these risks by utilising the resources and processes developed and operated within the UK&I group as whole. The Company's principal risks are set out below.

Contractual risk

The Company's business is conducted through contract-based agreements. Therefore, the business may be adversely affected by a failure to perform in terms of the relevant contract. The UK&I group has a structured formal project authorisation and review procedure which aims to ensure legal, operational, technical and commercial risks are properly considered before the initial exchange of contracts, or significant contract alterations, with its customers.

Risks associated with meeting the terms of a contract are mitigated through on-going day to day management of the operations of the contract including tracking performance against budget and targets identified in the contract. Performance is reviewed monthly by operational management and members of the Board. Contracts identified to be at risk are subject to specific initiatives to improve performance. Larger contracts and business units are reviewed at a UK&I group level on a monthly basis.

Business continuity

The UK&I group is accredited with ISO 22301 (Business Continuity Management) and the Company maintains a business continuity plan for each area of its operations, including the associated IT infrastructure, so should the unexpected happen, there is a predetermined plan in place to allow the business to recover and to continue servicing its customers with as little disruption as possible. These plans include sharing of site infrastructure within the UK&I group, the use of external suppliers who specialise in disaster recovery scenarios and leveraging other Group relationships.

The risk of loss of specialist personnel is also actively managed ensuring that annual performance development discussions are completed and that remuneration is benchmarked annually against industry standards.

VEOLIA ES ENERGY PERFORMANCE (UK) LIMITED

DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2022

Business continuity (continued)

The UK&I group acknowledges the need to ensure the ongoing effectiveness of its cybersecurity controls. Management has reviewed advice from the UK's National Cyber Security Centre ('NCSC') and undertakes NIST-based risk assessments across all technical and organisational controls. Results of these assessments are used to apply a particular focus on resilience and recovery capabilities. The scope of assessment includes the following:

- Vulnerability management services;
- Access controls;
- Edge and physical security;
- Log monitoring and analysis;
- Backup and recovery;
- Incident management;
- Phishing response;
- Third-party access;
- NCSC services;
- Staff awareness and education.

Any findings are added to the UK&I group continuous improvement plan, with opportunities for improvement flagged for priority treatment. These actions are in addition to the routine operation of the UK&I group's cybersecurity framework.

Health and safety, quality and environment

Management are committed to the UK&I group's corporate, legal and social responsibilities for health and safety, quality and the environment.

The UK&I group adopts a proactive risk approach to health, safety and the wellbeing of its customers and colleagues. Staff are trained in accordance with recognised trade bodies, giving confidence that advice is both credible and current. This is guided by the suite of Veolia Minimum Requirements ("VMR") documents that go beyond the recognised legislative expectations for keeping people safe, protecting the environment, as well as providing high standards of service to customers. Role specific training and activity instructions for our operational people is delivered as part of our VMR toolkits.

Examples of the UK&I group's active risk strategy include:

- **High Visibility Clothing** - Development of a new range of two-colour PPE clothing using recycled polyester that makes it easier for the human eye to judge distance as well as providing improved breathability;
- **Annual Safety Week** campaign built upon previous years where everyone in the business was encouraged to submit safety innovations and improvements. Over 600 ideas were submitted with the best ideas to be rolled out across the business.

Providing Assurance

In 2022, the UK&I group continued its assurance programme against the VMR using a three lines of defence model which covered over 173,000 VMR requirements:

- **First Line** - Monthly Site Managers VMR reviews (covers 100% of VMR over 12 months);
- **Second Line** - Risk based VMR Audits undertaken by the Risk & Assurance team; and
- **Third Line** - External Audits of over 77 locations audited against VMR requirements and to maintain certification to ISO 9001 (Quality), ISO 14001 (Environmental) and ISO 45001 (Health and Safety).

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2022**

Health and safety, quality and environment (continued)

Across the first and second lines of defence, over 92% of VMR requirements were met or have an improvement plan in place. This has enabled management to undertake detailed trend analysis, which along with the incident review process has enabled the development of business improvement plans and a risk based audit programme.

The UK&I group actively encourages staff to report close calls (near miss / safety concerns), as they enable management to take action to help prevent accidents from occurring. In 2022, over 31,000 close calls were reported, which is a 10% increase from the previous year.

The UK&I group Reporting of Injuries, Diseases and Dangerous Occurrences Regulations ("RIDDOR") statistics show a reduction of 27% in reportable injuries, and an 18% overall reduction in accidents that resulted in lost time or modified duties. During 2022 there was greater focus on identifying and investigating high potential close calls (near misses / safety concern) in order to prevent accidents and incidents.

Financial risks

It is the Company's objective to manage its financial risks so as to minimise the adverse effects of fluctuations in the financial markets on its profits and cash flows. The Company utilises the resources of the UK&I group to implement risk controls and loss mitigation plans to manage exposure to these risks. Policies for managing these risks are summarised below:

- **Credit risk**

The Company is exposed to counterparty risk in various areas of the operating and treasury activities.

The Company participates in Group centralised treasury arrangements, with the UK&I group being in a net deposit position, and so shares banking and intercompany loan arrangements with the Group, VUK and other UK members of the Group, which are also provided with support from VUK. As set out in the going concern section, the Company has assessed the credit risk of the Group and VUK and considers that they are well placed to provide support and facilitate the repayment of any debts as they fall due.

The Company has a number of well-established customers. For this risk to result in significant financial loss to the Company it would require a number of customers to fail to honour their obligations. The likelihood of this is considered low given the nature of the Company's customer base.

The UK&I group has a specific credit management team as well as procedures in place to monitor and recover customer and intercompany debt. The carrying amount of trade and other debtors, and cash and cash equivalents represent the Company's maximum exposure to credit risk.

- **Interest risk**

The Company lends funds via VUK, at floating rates of interest, priced according to a GBP index based on Sterling Overnight Interbank Average Rates ("SONIA"). Changes in the Bank of England base rate may therefore impact interest charges and income.

- **Liquidity risk**

The Company, along with other entities within the UK&I group, is party to cash pooling arrangements with VUK, whereby each member deposits cash excesses and may borrow money in the form of short-term advances. Amounts are swept on a daily basis and held on overnight deposit with the Group. At the year end VUK was in a net surplus position. VUK has an additional overdraft facility with the Group which remains unutilised. Cash forecasts are regularly prepared and submitted to the Group for review to ensure that the liquidity profile of the UK&I group is actively monitored. The Group has confirmed that the UK&I group will continue to have access to these balances as required for their activities. As outlined under Going Concern, the Directors of the Company have concluded that, if required, the Group would be able to provide financial support to VUK, which in turn would be able to provide financial support to the Company for the periods stipulated.

VEOLIA ES ENERGY PERFORMANCE (UK) LIMITED

DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2022

Financial risks (continued)

- **Foreign exchange risk**

The Company has limited exposure to foreign currency risk in its normal activities as it operates in the UK and most of its transactions are denominated in pound sterling. At each reporting date, where necessary, all financial assets and financial liabilities are revalued and denominated in pound sterling.

Post balance sheet events

There have been no significant events affecting the Company since the year end.

Disclosure of information to auditor

Each of the persons who are Directors at the time when this Directors' Report is approved has confirmed that:

- so far as the Director is aware, there is no relevant audit information of which the Company's auditor is unaware, and
- the Director has taken all the steps that ought to have been taken as a Director in order to be aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

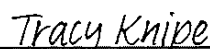
Auditor

Under section 487(2) of the Companies Act 2006, BSG Valentine (UK) LLP will be deemed to have been reappointed as auditor 28 days after these financial statements were sent to members or 28 days after the latest date prescribed for filing the accounts with the registrar, whichever is earlier.

Small companies note

The Company has taken advantage of the small companies exemption provided under Company Act 2006, section 414B not to prepare a Strategic report and section 415A allowing reduced disclosures in the preparation of the Directors' report.

This report was approved by the board on 28 September 2023 and signed on its behalf.



Tracy Knipe (Sep 28, 2023 19:48 GMT+1)

Tracy Jayne Knipe
Director

Sep 28, 2023

VEOLIA ES ENERGY PERFORMANCE (UK) LIMITED

DIRECTORS' RESPONSIBILITIES STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2022

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 elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 101 'Reduced Disclosure Framework' ("FRS 101"). 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 and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- provide additional disclosures when compliance with the specific requirements in FRS 101 is insufficient to enable users to understand the impact of particular transactions, other events and conditions on the company financial position and financial performance;
- state whether applicable UK Accounting Standards, including FRS 101, 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 to 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.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF VEOLIA ES ENERGY PERFORMANCE (UK) LIMITED

Opinion

We have audited the financial statements of Veolia ES Energy Performance (UK) Limited (the 'Company') for the year ended 31 December 2022, which comprise the Statement of Comprehensive Income, the Balance Sheet, the Statement of Changes in Equity and the related notes 1 to 16, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 101 'Reduced Disclosure Framework' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

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

Basis for opinion

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

Conclusions relating to going concern

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

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Company's ability to continue as a going concern for a period of at least 12 months from the date on which these financial statements are approved.

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

Other information

The other information comprises the information included in the Annual Report other than the financial statements and our Auditor's Report thereon. The Directors are responsible for the other information contained within the Annual Report.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF VEOLIA ES ENERGY PERFORMANCE (UK) LIMITED (CONTINUED)

Opinion on other matters prescribed by the Companies Act 2006

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

- the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Directors' Report has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Directors' Report.

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of Directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the Directors were not entitled to take advantage of the small companies' exemption in preparing the Directors' report and from the requirement to prepare a Strategic report.

Responsibilities of Directors

As explained more fully in the Directors' Responsibilities Statement set out on page 7, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below. However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the entity and management.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF VEOLIA ES ENERGY PERFORMANCE (UK) LIMITED (CONTINUED)

We identified and assessed the risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations. Our procedures included enquiry of management and performing analytical review procedures to identify any unusual relationships that may indicate a material misstatement. We also tested the appropriateness of journals to address the risk of fraud through management override of controls. We reviewed the financial transactions for the year and confirmed these accorded with our understanding of the Company's significant contract. Relevant laws and regulations, together with potential fraud risks, were communicated to the audit engagement team at the planning stage to ensure they remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

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

Use of our report

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

Gary Allen

Gary Allen (Sep 28, 2023 21:21 GMT+1)

Gary Allen FCA (Senior Statutory Auditor)
for and on behalf of
BSG Valentine (UK) LLP
(Chartered Accountants & Statutory Auditor)

Lynton House
7-12 Tavistock Square
London
WC1H 9BQ

Sep 28, 2023

VEOLIA ES ENERGY PERFORMANCE (UK) LIMITED

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2022**

	Note	2022 £000	2021 £000
Revenue	4	200	174
Cost of sales		(129)	(127)
Gross profit		71	47
Administrative expenses		(7)	(12)
Operating profit	5	64	35
Interest receivable and similar income	8	77	68
Profit before tax		141	103
Tax on profit	9	(26)	(21)
Profit for the financial year		115	82
Other comprehensive income		-	-
Total comprehensive income for the year		115	82

VEOLIA ES ENERGY PERFORMANCE (UK) LIMITED
REGISTERED NUMBER:03157676

BALANCE SHEET
AS AT 31 DECEMBER 2022

	Note	2022 £000	2021 £000
Current assets			
Debtors: amounts falling due after more than one year	10	659	858
Debtors: amounts falling due within one year	10	1,802	1,507
		<u>2,461</u>	<u>2,365</u>
Creditors: amounts falling due within one year	12	(99)	(118)
Net current assets		<u>2,362</u>	<u>2,247</u>
Total assets less current liabilities		<u>2,362</u>	<u>2,247</u>
Net assets		<u>2,362</u>	<u>2,247</u>
Capital and reserves			
Called up share capital	13	625	625
Profit and loss account		1,737	1,622
		<u>2,362</u>	<u>2,247</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 28 September 2023.

Tracy Knipe
Tracy Knipe (Sep 28, 2023 19:48 GMT+1)
Tracy Jayne Knipe
 Director

Sep 28, 2023

VEOLIA ES ENERGY PERFORMANCE (UK) LIMITED

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2022**

	Called up share capital £000	Profit and loss account £000	Total equity £000
At 1 January 2021	625	1,540	2,165
Comprehensive income for the year			
Profit for the year	-	82	82
At 1 January 2022	625	1,622	2,247
Comprehensive income for the year			
Profit for the year	-	115	115
At 31 December 2022	625	1,737	2,362

The notes on pages 14 to 23 form part of these financial statements.

VEOLIA ES ENERGY PERFORMANCE (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

1. General information

Veolia ES Energy Performance (UK) Limited is a private company limited by shares, incorporated in England and Wales.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 101 'Reduced Disclosure Framework' and the Companies Act 2006.

The Company's financial statements are presented in pound sterling and all values are rounded to the nearest thousand pound sterling (£000) except when otherwise indicated.

The preparation of financial statements in compliance with FRS 101 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies (see note 3).

The following principal accounting policies have been applied:

2.2 Financial Reporting Standard 101 - reduced disclosure exemptions

The Company has taken advantage of the following disclosure exemptions under FRS 101:

- the requirements of IFRS 7 Financial Instruments: Disclosures
- the requirements of paragraphs 91-99 of IFRS 13 Fair Value Measurement
- the requirements of the second sentence of paragraph 110 and paragraphs 113(a), 114, 115, 118, 119(a) to (c), 120 to 127 and 129 of IFRS 15 Revenue from Contracts with Customers
- the requirement in paragraph 38 of IAS 1 'Presentation of Financial Statements' to present comparative information in respect of:
 - paragraph 79(a)(iv) of IAS 1;
- the requirements of paragraphs 10(d), 10(f), 16, 38A, 38B, 38C, 38D, 40A, 40B, 40C, 40D, 111 and 134-136 of IAS 1 Presentation of Financial Statements
- the requirements of IAS 7 Statement of Cash Flows
- the requirements of paragraphs 30 and 31 of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors
- the requirements of paragraph 17 and 18A of IAS 24 Related Party Disclosures
- the requirements in IAS 24 Related Party Disclosures to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member
- the requirements of paragraphs 130(f)(ii), 130(f)(iii), 134(d)-134(f) and 135(c)-135(e) of IAS 36 Impairment of Assets.

VEOLIA ES ENERGY PERFORMANCE (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

2. Accounting policies (continued)

2.3 Ultimate controlling party

The Company is consolidated in the consolidated financial statements of its ultimate parent company and controlling entity, Veolia Environnement S.A. (incorporated in France). Copies of the consolidated financial statements for Veolia Environnement S.A. are available from the registered office at 21 rue La Boétie, 75008 Paris, France.

In addition, the Company is also consolidated in the consolidated financial statements of Veolia Environmental Services Group (UK) Limited, an intermediate parent undertaking. Copies of the consolidated financial statements for Veolia Environmental Services Group (UK) Limited are available from the registered office at 210 Pentonville Road, London, N1 9JY.

2.4 Going concern

The Company's Balance Sheet shows net assets of £2,362k (2021: £2,247k), and at year end reported net current assets of £2,362k (2021: £2,247k). The Company participates in the Group centralised treasury arrangements and so shares banking and intercompany loan arrangements with the Group, VUK and other UK based fellow subsidiaries. The Company is managed as part of the UK&I group and budgets and forecasts are prepared at that level. The UK&I group's forecasts and budgets identify that the UK&I group is expected to remain cash generative and therefore be able to meet its liabilities as they fall due for the period until 31 December 2024. A key assumption in the UK&I group's forecasts is the continuing availability of funds that are swept into the Group Treasury cash pooling arrangements and the intercompany loans provided by the Group to VUK and other UK based fellow subsidiaries.

VUK has received a letter of financial support from the UK&I group's ultimate parent company, Veolia Environnement S.A., which confirms that the Group, if required, will provide financial support to VUK for the period until 31 December 2024. VUK has in turn provided a letter of support to the Company to confirm that VUK will, if required, provide financial support to the Company for the same period.

The Directors of VUK have considered the information regarding the Group's ability to provide support to VUK. This includes reviewing the most recent publicly available financial information and making inquiries of the Group to confirm the position through to the date of approval of these financial statements. As a result the Directors of the Company have concluded that the Group has sufficient liquidity to provide any required support and to withstand reasonable stress testing.

The Directors of the Company have concluded that, if required, the Group will be able to provide financial support to VUK, who in turn will be able to provide financial support to the Company, for a period of at least 12 months from the date on which these financial statements are approved. Accordingly, the Directors are satisfied that they have a reasonable basis upon which to conclude that the Company is able to meet its liabilities as they fall due in the foreseeable future and that it remains appropriate to prepare the financial statements on a going concern basis.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

2. Accounting policies (continued)

2.5 Revenue

Revenue is recognised in line with the achievement of performance obligations to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes.

With the exception of revenue under IFRS16 Leases, the Company does not expect to have any contracts where the period between the transfer of the promised goods or services to the customer and payment by the customer exceeds one year. As a consequence, the Company does not adjust any of the transaction prices for the time value of money.

The following criteria must also be met before revenue is recognised:

- *revenue from providing services is recognised in the accounting period in which the services are rendered.*

The Company applies the practical expedient in paragraph 121 of IFRS 15 and does not disclose information about the remaining performance obligations that have original expected durations of one year or less.

2.6 Foreign currency translation

Functional and presentation currency

The Company's functional and presentational currency is pound sterling.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

2.7 Interest receivable

Interest receivable consists of income from amounts owed by Group fellow subsidiaries.

2.8 Taxation

Tax is recognised in the Statement of Comprehensive Income except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

2. Accounting policies (continued)

2.9 Leased assets: the Company as lessor

Where assets leased to a third party give rights approximating to ownership (finance lease), the lessor recognises as a receivable an amount equal to the net investment in the lease i.e. the minimum lease payments receivable under the lease discounted at the interest rate implicit in the lease. This receivable is reduced as the lessee makes capital payments over the term of the lease.

A finance lease gives rise to two types of income: profit or loss equivalent to the profit or loss resulting from outright sale of the asset being leased, at normal selling prices, reflecting any applicable discounts, and finance income over the lease term.

2.10 Financial instruments

The Company recognises financial instruments when it becomes a party to the contractual arrangements of the instrument. Financial instruments are de-recognised when they are discharged or when the contractual terms expire. The Company's accounting policies in respect of financial instruments transactions are explained below:

Financial assets and financial liabilities are initially measured at fair value. Loans receivable or payable on demand are classed as short-term and hence are not discounted.

Financial assets

The Company recognises its financial assets into one of the categories discussed below, depending on the purpose for which the asset was acquired.

Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

Financial assets at amortised cost

These comprise loans and debtors which are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise principally through the provision of goods and services to customers (e.g. trade debtors), but also incorporate other types of contractual monetary asset. They are initially recognised at fair value plus transaction costs that are directly attributable to their acquisition or issue, and are subsequently carried at amortised cost using the effective interest rate method, less provision for impairment.

Impairment of financial assets

The Company recognises an allowance for expected credit losses ("ECLs") for all financial assets subsequently measured at amortised cost. The Company calculates ECLs by utilising historic default rates for different customers' profiles. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument. Furthermore, the assessment of ECLs takes into consideration the following:

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

2. Accounting policies (continued)

2.10 Financial instruments (continued)

Derecognition of financial assets

The Company derecognises a financial asset when the contractual rights to the cash flows from the asset expire or when it transfers the contractual rights to the cash flows from the financial asset in a transaction under which nearly all the rights and obligations inherent to ownership of the financial asset are transferred. Any interest created or retained by the Company in a financial asset is recognised separately as an asset or liability.

Financial liabilities

The Company classifies all of its financial liabilities at amortised cost.

Financial liabilities at amortised cost

Financial liabilities at amortised cost including bank borrowings are initially recognised at fair value net of any transaction costs directly attributable to the issue of the instrument. Such interest bearing liabilities are subsequently measured at amortised cost using the effective interest rate method, which ensures that any interest expense over the period to repayment is at a constant rate on the balance of the liability carried into the Balance Sheet.

Derecognition of financial liabilities

A liability is derecognised when the contract that gives rise to it is settled, sold, cancelled or expires. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability, such that the difference in the respective carrying amounts together with any costs or fees incurred are recognised in profit or loss.

3. Judgment in applying accounting policies and key sources of estimation uncertainty

The preparation of the financial statements requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be appropriate under the circumstances, the results of which form the basis of making judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

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

The Company has not made any material estimates or judgments that may result in a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

VEOLIA ES ENERGY PERFORMANCE (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

4. Revenue

An analysis of revenue by class of business is as follows:

	2022 £000	2021 £000
Rendering of services	200	174

All revenue arose within the United Kingdom.

5. Operating profit

	2022 £000	2021 £000
Operating profit	64	35
Add back items charged/(credited) to operating profit	-	-
Adjusted 'current' EBIT	64	35
Add back items charged/(credited) to operating profit	-	-
Add back items not passing through operating profit:		
Amounts received for repayment of finance lease asset receivable	182	170
Adjusted EBITDA	246	205
Other items charged to operating profit:		
Auditor's remuneration for audit of the financial statements (the Company)	7	11

The above reconciliation to adjusted 'current' EBIT and adjusted EBITDA is presented purely for the purpose of explaining the Group's management performance measures as detailed in the business review in the Directors' report. They are not prescribed by UK GAAP. The Company's results, in accordance with UK GAAP, are reported in the Statement of Comprehensive Income.

VEOLIA ES ENERGY PERFORMANCE (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

6. Employees

The Company has no employees other than the Directors, who did not receive any remuneration (2021: £nil).

7. Directors' remuneration

The Directors are paid by, and perform services for, other companies within the Group alongside their services to this Company. Whilst not being paid by the Company, in 2022, the Directors' costs have been apportioned to the principal companies they serve within the UK&I group. Had the Directors' costs been recharged to all the companies those Directors serve, the Company would have incurred £1k (2021: £1k) of Directors' emoluments, including £nil (2021: £nil) of pension contributions.

8. Interest receivable

	2022 £000	2021 £000
Interest receivable from Group fellow subsidiaries	22	4
Interest receivable from asset under finance lease	55	64
	<u>77</u>	<u>68</u>

9. Taxation

	2022 £000	2021 £000
Corporation tax		
Current tax on profits for the year	27	20
Adjustments in respect of previous periods	(1)	1
Total current tax	<u>26</u>	<u>21</u>

VEOLIA ES ENERGY PERFORMANCE (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

9. Taxation (continued)

Factors affecting tax charge for the year

The tax assessed for the year is lower than (2021 - *higher than*) the standard rate of corporation tax in the UK of 19% (2021: 19%). The differences are explained below.

	2022 £000	2021 £000
Profit on ordinary activities before tax	141	103
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2021: 19%)	27	20
Effects of:		
Prior year adjustment - current tax	(1)	1
Total tax charge for the year	26	21

Factors that may affect future tax charges

There were no factors that may affect future tax charges.

10. Debtors

	2022 £000	2021 £000
Amounts falling due after more than one year		
Long-term finance lease asset receivable	659	858
Amounts falling due within one year		
Trade debtors	98	-
Short-term loans owed by Group fellow subsidiaries	1,504	1,324
Finance lease asset receivable	200	183
	1,802	1,507

VEOLIA ES ENERGY PERFORMANCE (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

11. Finance lease asset receivable

The finance lease asset receivable is recoverable in instalments over the term of the contract which is 15 years in length, ending in 2026. The capital portion of rentals received is offset against the lease asset receivable, and the interest portion is credited to the profit or loss in the period to which it relates over the term of the contract.

Future minimum lease repayments receivable:

	2022 £000	2021 £000
Within one year	245	239
After one year but no more than five years	728	971
Less finance charges allocated to future periods	(114)	(169)
	<u>859</u>	<u>1,041</u>

Present value of minimum lease payments is analysed as follows:

	2022 £000	2021 £000
Within one year	200	183
After one year but no more than five years	659	858
	<u>859</u>	<u>1,041</u>

The interest rate inherent in the lease is fixed at the contract date for the entire lease term. The average effective interest rate contracted is approximately 5.26% (2021: 5.26%) per annum.

The finance lease asset receivable at the end of the reporting period are neither past due nor impaired.

12. Creditors: Amounts falling due within one year

	2022 £000	2021 £000
Trade creditors	-	4
Amounts owed to Group fellow subsidiaries	11	39
Corporation tax	46	42
Other taxation and social security	23	17
Accruals	19	16
	<u>99</u>	<u>118</u>

VEOLIA ES ENERGY PERFORMANCE (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

13. Share capital

	2022 £000	2021 £000
Allotted, called up and fully paid		
625,000 (2021: 625,000) ordinary shares of £1.00 each	625	625

14. Related party transactions

During the year the Company entered into transactions, in the ordinary course of business, with related parties. The Company has taken advantage of the exemption under paragraph 8(k) of FRS 101 not to disclose transactions with fellow wholly owned subsidiaries.

Balances outstanding as at 31 December 2022 with all related parties are disclosed in notes 10 and 12.

There were no trading transactions entered into during the year to 31 December 2022 with other related parties.

15. Post balance sheet events

There have been no significant events affecting the Company since the year end.

16. Immediate parent and controlling party

The immediate parent company is Veolia ES Resource Efficiency (UK) Limited, a company incorporated in the UK.

Veolia Environmental Services Group (UK) Limited is an intermediate parent undertaking that prepares consolidated financial statements, including Veolia ES Energy Performance (UK) Limited, which are publicly available. Copies of the consolidated financial statements for Veolia Environmental Services Group (UK) Limited are available from the registered office at 210 Pentonville Road, London, N1 9JY.

The ultimate parent and controlling company is Veolia Environnement S.A., a company incorporated in France. Consolidated financial statements are prepared by Veolia Environnement S.A. Copies of the consolidated financial statements for Veolia Environnement S.A. are available from the registered office at 21 rue La Boétie, 75008 Paris, France.