



Viridor EFW (Runcorn) Limited

Annual Report and Financial Statements

for the Year Ended 31 March 2021

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Viridor EFW (Runcorn) Limited

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Viridor EFW (Runcorn) 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 operation of an Energy Recovery Facility (ERF) at Runcorn (Runcorn II ERF).

BUSINESS REVIEW

Financial results

Revenue increased by £6,531,000 from last year to £57,033,000 (2020: £50,502,000).

Operating profit before interest, tax and depreciation, was £31,648,000 (2020: £29,699,000). The operating margin decreased to 55% (2020: 59%).

Net finance costs were £9,971,000 (2020: £10,083,000).

The Company's taxation position results in a charge for current tax of £2,106,000 (2020: charge of £1,218,000) and a charge for deferred tax of £782,000 (2020: charge of £3,119,000).

Investment

Capital expenditure in the year totalled £5,006,000 (2020: £4,129,000). 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

Interim dividends totalling £4,000,000 were paid in the year (2020: 2,000,000). The Directors do not recommend the payment of a final dividend (2020: nil).

The transfer to retained earnings for the year was £12,607,000 (2020: £8,993,000).

The balance in retained earnings at 31 March 2021 is £13,359,000 (2020: £4,752,000).

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 EFW (Runcorn) Limited

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

Section 172 Statement

The directors are aware of their duty under section 172 of the Companies Act 2006 to act in a way which they consider in good faith, would be most likely to promote the success of the Company for the benefit of the members as a whole and, in doing so, have regard to the matters set out in section 172(1) (a) - (f). Examples of how the Board approaches its decision making, in light of its obligations under section 172, and ensuring wider stakeholder engagement, are set out below.

S172(1)(a) The likely consequences of any decision in the long term

Our strategic objectives are; Leadership in UK waste, Leadership in cost base efficiency and Driving sustainable growth. Our strategic objectives, which are set and monitored through a rolling long-term strategic planning process, ensure we work towards achieving long term growth in a sustainable way. In approving the strategic objectives, we also consider a host of external factors, such as the evolving economic and market conditions. The latest sustainability report for Viridor, which contains information on our performance against the sustainability development goals, is available on our website www.viridor.co.uk.

S172(1)(b) The interests of the Company's employees

The company is focused on employee engagement and communication, promoting a diverse and inclusive workforce and the continued development of people in a safe working environment.

S172(1)(c) The need to foster the company's business relationships with suppliers, customers and others

We demonstrate continued commitment to delivering quality of service, value for money and satisfaction to our customers. We continue to foster key strategic and commercial relationships with our supply chain partners, with a focus on quality and sustainability, and focused delivery across the entire supply chain.

We have open dialogue and transparent engagement with our regulatory bodies, policy makers and other stakeholders who shape our social contract.

S172(1)(d) The impact of the Company's operations on the community and the environment

We are committed to providing educational programmes and community sponsorships and engaging in charity support initiatives and outreach events across our regions of operation. We maintain a proactive and positive relationship with our key environmental regulators.

S172(1)(e) The desirability of the company maintaining a reputation for high standards of business conduct

We ensure a transparent approach to conducting business in a responsible manner, with a focus on maintaining good governance. The codes of conduct and policies which apply across our group are regularly updated to ensure the highest of standards are adhered to.

S172(1)(f) The need to act fairly as between members of the company

Decisions of the Board have been discussed, where relevant, at the Board meetings of the ultimate parent company.

Environmental impacts

We keep a strong focus on our environmental performance and responsibilities, working closely with environmental regulators (the Environment Agency, Scottish Environment Protection Agency and Natural Resources Wales) to maintain high standards of operations and compliance, and to further reduce the risk of pollution incidents. In addition to the services Viridor offers its customers for the safe management, treatment and disposal of hazardous wastes, our environment policy clearly commits us to minimising hazardous wastes used or produced and any impacts arising, as well as any (non-greenhouse gases) emissions to air. This is monitored via the performance, compliance and reporting of our operating environmental permit conditions.

FUTURE DEVELOPMENTS

Energy from waste is central to the UK's waste and renewable energy strategies as the long-term, alternative to landfill for disposal of residual waste. The Company intends to take advantage of this growing market.

Viridor EFW (Runcorn) Limited

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

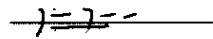
FUTURE DEVELOPMENTS (continued)

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.

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 EFW (Runcorn) 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 4 to 5 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 3.

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 intermediate parent company, Viridor Limited. The directors of Viridor 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 16 and note 11 on page 27.

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

The Company is a subsidiary of Viridor Energy Limited. During the year, its ultimate parent company was KKR Planets Aggregator L.P.

Viridor EFW (Runcorn) 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
Company secretary

Viridor EFW (Runcorn) Limited

Income Statement for the Year Ended 31 March 2021

	Note	2021 £ 000	2020 £ 000
Revenue	4	57,033	50,502
Manpower costs	4	(2,661)	(2,467)
Raw materials and consumables used	4	(5,010)	(4,523)
Other expenses	4	<u>(17,714)</u>	<u>(13,813)</u>
Profit before interest, tax, depreciation, amortisation and dividends		31,648	29,699
Depreciation and amortisation expense	4	<u>(6,182)</u>	<u>(6,286)</u>
Operating profit		25,466	23,413
Finance income		92	3
Finance costs		<u>(10,063)</u>	<u>(10,086)</u>
Net finance cost	5	<u>(9,971)</u>	<u>(10,083)</u>
Profit before tax		15,495	13,330
Taxation charge	6	<u>(2,888)</u>	<u>(4,337)</u>
Profit for the year		<u>12,607</u>	<u>8,993</u>

The notes on pages 11 to 33 form an integral part of these financial statements.

Viridor EFW (Runcorn) Limited**Statement of Comprehensive Income for the Year Ended 31 March 2021**

	2021	2020
	£ 000	£ 000
Profit for the year	12,607	8,993
Items that will not be reclassified subsequently to profit or loss		
	-	-
Items that may be reclassified subsequently to profit or loss		
	-	-
Total comprehensive income for the year	<u>12,607</u>	<u>8,993</u>

Viridor EFW (Runcorn) Limited**(Registration number: 06864784)****Statement of Financial Position as at 31 March 2021**

	Note	31 March 2021 £ 000	31 March 2020 £ 000
Assets			
Non-current assets			
Property, plant and equipment	9	210,630	211,808
		<u>210,630</u>	<u>211,808</u>
Current assets			
Inventories	12	8,201	6,576
Trade and other receivables	13	32,826	6,107
Current tax asset		-	10,864
Cash and cash equivalents	14	131	2,033
		<u>41,158</u>	<u>25,580</u>
Liabilities			
Current liabilities			
Trade and other payables	15	(11,549)	(7,798)
Loans and borrowings	16	(11,281)	(6,788)
Current tax liability		(2,106)	-
		<u>(24,936)</u>	<u>(14,586)</u>
Non-current liabilities			
Loans and borrowings	16	(195,607)	(201,417)
Provisions		(100)	-
Derivative financial instruments	10	(371)	-
Deferred tax liabilities	6	(17,441)	(16,633)
		<u>(213,519)</u>	<u>(218,050)</u>
NET ASSETS		<u>13,333</u>	<u>4,752</u>
Equity			
Other reserves		(26)	-
Retained earnings		<u>13,359</u>	<u>4,752</u>
TOTAL EQUITY		<u>13,333</u>	<u>4,752</u>

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 6 to 33 were approved by the Board and authorised for issue on 21 December 2021 and signed on its behalf by:



N W Maddock
Director

Viridor EFW (Runcorn) Limited

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

	Share capital £ 000	Retained earnings £ 000	Total £ 000
At 1 April 2019	-	(1,729)	(1,729)
Change in accounting policy	-	(512)	(512)
At 1 April 2019 (As restated)	-	(2,241)	(2,241)
Profit for the year	-	8,993	8,993
Total comprehensive income	-	8,993	8,993
Dividends	-	(2,000)	(2,000)
At 31 March 2020	-	4,752	4,752

	Share capital £ 000	Other reserves £ 000	Retained earnings £ 000	Total £ 000
At 1 April 2020	-	-	4,752	4,752
Profit for the year	-	-	12,607	12,607
Total comprehensive income	-	-	12,607	12,607
Dividends	-	-	(4,000)	(4,000)
Merger adjustment, increase/ (decrease) in equity	-	(26)	-	(26)
At 31 March 2021	-	(26)	13,359	13,333

Viridor EFW (Runcorn) Limited

Statement of Cash Flows for the Year Ended 31 March 2021

	Note	2021 £ 000	2020 £ 000
Cash flows from operating activities			
Profit for the year		12,607	8,993
<i>Adjustments to cash flows from non-cash items:</i>			
Depreciation and amortisation	4	6,182	6,286
Loss on disposal of property plant and equipment		1	-
Finance income	5	(92)	(3)
Finance costs	5	10,063	10,086
Taxation charge	6	2,888	4,337
		<u>31,649</u>	<u>29,699</u>
<i>Working capital adjustments:</i>			
Increase in inventories		(1,626)	(215)
Increase in trade and other receivables		(13,720)	(1,712)
Increase in trade and other payables		2,891	1,559
Increase in provisions		263	-
		<u>19,457</u>	<u>29,331</u>
Cash generated from operations		19,457	29,331
Taxation received		10,864	-
Net cash flow from operating activities		<u>30,321</u>	<u>29,331</u>
Cash flows from investing activities			
Interest received		59	3
Acquisitions of property plant and equipment		(4,826)	(1,875)
Advances of loans, classified as investing activities		(13,000)	-
Net cash flows from investing activities		<u>(17,767)</u>	<u>(1,872)</u>
Cash flows from financing activities			
Interest paid		(52)	(10,086)
Dividends paid		(4,000)	(2,000)
Repayment of borrowings		(10,262)	(13,963)
Finance lease principal repayments		(142)	(94)
Net cash flows from financing activities		<u>(14,456)</u>	<u>(26,143)</u>
Net (decrease)/increase in cash and cash equivalents		(1,902)	1,316
Cash and cash equivalents at 1 April		2,033	717
Cash and cash equivalents at 31 March	14	<u>131</u>	<u>2,033</u>

Viridor EFW (Runcorn) 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 operation of an Energy Recovery Facility (ERF) at Runcorn (Runcorn II ERF).

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.

Going concern

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

New standards, interpretations and amendments not yet effective

There were no new standards or interpretations, which were mandatory for the first time in the year beginning 1 April 2020, that had an 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 EFW (Runcorn) 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.

Energy sales

The Company receives revenue from the sale of electricity from generating assets. Revenue from the sale of electricity from the Company's generating assets is measured based upon metered output delivered at rates specified under contract terms or prevailing market rates. Revenue is recognised at a 'point in time', being the point of distribution to the grid. Typically, invoices are raised monthly with standard payment terms.

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.

Viridor EFW (Runcorn) Limited

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

2 Accounting policies (continued)

Recyclate

The Company transforms waste into recyclate ready for resale. Revenue is measured at the agreed transaction price per tonne of recyclate under the contract with the customer. Revenue recognition occurs when control over the recyclate assets has been transferred to the customer.

The Company's performance obligation is satisfied at the point of collection by the customer. This is the point in time when an invoice is issued and revenue is recognised. Payment terms are typically end of month following invoice date.

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.

Grants and contributions

Grants are recognised where there is a reasonable assurance that the grant will be received and all the attached conditions will be complied with.

Grants and contributions receivable in respect of property, plant and equipment are deducted from the cost of those assets.

Grants and contributions receivable in respect of expenditure charged against profits in the year have been included in the income statement in other operating expenses.

Foreign exchange

Transactions denominated in foreign currencies are translated at the exchange rate at the date of the transaction. Monetary assets and liabilities denominated in a foreign currency are translated at the closing balance sheet rate. The resulting gain or loss is recognised in the income statement.

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.

Viridor EFW (Runcorn) 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.

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:

Asset class

Freehold buildings

Short-term leasehold land and buildings

Fixed and mobile plant, vehicles and computers

Depreciation method and rate

30-50 years

The shorter of their estimated useful economic lives or the finance lease period.

3-10 years

Viridor EFW (Runcorn) Limited

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

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.

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 or 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.

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.

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.

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.

Viridor EFW (Runcorn) Limited

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

2 Accounting policies (continued)

Dividends

Dividend distribution to the company's shareholders is recognised as a liability in the company's financial statements in the period in which the dividends are approved by the company's shareholders.

Retirement benefit obligations

Costs of the defined contribution pension scheme are charged to the income statement in the year in which they arise. The company has no further payment obligations once the contributions have been paid.

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.

Viridor EFW (Runcorn) Limited

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

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 received treasury services from the treasury function of its ultimate parent.

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.

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 £836,000 (2020: £854,000).

Viridor EFW (Runcorn) Limited

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

3 Financial risk review (continued)

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
31 March 2021					
<i>Non-derivative financial liabilities</i>					
Borrowings excluding finance lease liabilities	11,159	11,159	33,477	145,067	200,862
Interest payments on borrowings	8,912	8,388	22,019	42,202	81,521
Finance lease liabilities including interest	122	253	419	5,232	6,026
31 March 2020					
<i>Non-derivative financial liabilities</i>					
Borrowings excluding finance lease liabilities	6,674	9,777	29,330	156,427	202,208
Interest payments on borrowings	156,427	8,727	23,425	56,823	245,402
Finance lease liabilities including interest	349	349	1,040	8,349	10,087

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 13.

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.

Viridor EFW (Runcorn) Limited

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

3 Financial risk review (continued)

(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 11.

Viridor EFW (Runcorn) Limited**Notes to the Unaudited Financial Statements for the Year Ended 31 March 2021 (continued)****4 Operating profit****Revenue**

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

	UK £000	Total £000
Year ended 31 March 2021		
Waste management services	40,172	40,172
Energy	15,010	15,010
Recyclate	1,851	1,851
	<u>57,033</u>	<u>57,033</u>
Year ended 31 March 2020		
Waste management services	36,404	36,404
Energy	11,283	11,283
Recyclate	2,815	2,815
	<u>50,502</u>	<u>50,502</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

		31 March 2021 £000	31 March 2020 £000
	Note		
Manpower costs	7	<u>2,661</u>	<u>2,467</u>
Raw materials and consumables		<u>5,010</u>	<u>4,523</u>
Other operating expenses:			
Profit on disposal of property, plant and equipment		1	-
Short-term and low value lease rentals payable		136	9
Power		465	73
Rates		1,214	1,215
Hired and contracted services		12,280	9,585
Other external charges		<u>3,618</u>	<u>2,931</u>
		<u>17,714</u>	<u>13,813</u>
Depreciation of property, plant and equipment:			
Depreciation of property, plant and equipment		<u>6,182</u>	<u>6,286</u>
	9	<u>6,182</u>	<u>6,286</u>

Viridor EFW (Runcorn) Limited

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

5 Finance income and costs

	Note	2021 £ 000	2020 £ 000
Finance income			
Interest income on bank deposits		-	3
Loan to intermediate parent company	20	<u>92</u>	<u>-</u>
Total finance income		<u>92</u>	<u>3</u>
Finance costs			
Interest on obligations under finance leases and hire purchase contracts		(214)	(239)
Other finance costs		(371)	-
Loans from intermediate parent company	20	(9,478)	(9,722)
Loans from immediate parent company	20	<u>-</u>	<u>(125)</u>
Total finance costs		<u>(10,063)</u>	<u>(10,086)</u>
Net finance costs		<u>(9,971)</u>	<u>(10,083)</u>

Viridor EFW (Runcorn) Limited

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

6 Taxation

Tax charged in the income statement

	2021 £ 000	2020 £ 000
UK corporation tax	2,106	1,218
Deferred tax	782	3,119
Tax charge in the income statement	2,888	4,337

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

Reconciliation of total tax charge:

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:

	2021 £ 000	2020 £ 000
Profit before tax	15,495	13,330
Tax calculated at the standard rate of UK Corporation tax of 19%	2,944	2,533
Depreciation charged on non-qualifying assets	208	248
Adjustment to tax in respect of prior years	(264)	(153)
Deferred tax charge relating to change in tax rate	-	1,709
Total tax charge	2,888	4,337

The average total effective rate for the year is 18.6% (2020 32.5%).

UK Corporation tax is stated after a credit relating to prior year current tax of £19,000 (2020 credit of £94,000) and a prior year deferred tax credit of £245,000 (2020 credit of £59,000)

Viridor EFW (Runcorn) Limited

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

6 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:

	31 March 2021 £ 000	31 March 2020 £ 000
Net liabilities at 1 April	(16,633)	(13,634)
Charge to the income statement	(782)	(3,119)
(Charge)/Credit to equity	(26)	120
Net liabilities at 31 March	<u>(17,441)</u>	<u>(16,633)</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.

The movement in deferred tax assets and liabilities were:

	At 1 April 2020 £ 000	Recognised in income statement £ 000	Recognised in equity £ 000	At 31 March 2021 £ 000
Accelerated tax depreciation	(16,649)	(845)	(26)	(17,520)
Provisions	16	(7)	-	9
Derivatives	-	70	-	70
Net tax assets/(liabilities)	<u>(16,633)</u>	<u>(782)</u>	<u>(26)</u>	<u>(17,441)</u>

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

	At 1 April 2019 £ 000	Recognised in income statement £ 000	Recognised in equity £ 000	At 31 March 2020 £ 000
Accelerated tax depreciation	(13,710)	(3,059)	120	(16,649)
Provisions	76	(60)	-	16
Derivatives	-	-	-	-
Net tax assets/(liabilities)	<u>(13,634)</u>	<u>(3,119)</u>	<u>120</u>	<u>(16,633)</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 increase the deferred tax liability by £5,900,000, represented by a tax debit to the income statement of £5,900,000. The change was substantively enacted on 24 May 2021, following the third reading in the House of Commons.

Viridor EFW (Runcorn) Limited

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

7 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 51 (2020: 47) employees who worked predominantly for the Company.

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

	2021	2020
	£ 000	£ 000
Wages and salaries	2,205	2,055
Social security costs	234	223
Pension costs	222	189
	<u>2,661</u>	<u>2,467</u>

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' remuneration

	2021	2020
	£ 000	£ 000
Aggregate emoluments of the Directors in respect of their services to the Company	<u>105</u>	<u>46</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.

Viridor EFW (Runcorn) Limited

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

9 Property, plant and equipment

	Land and buildings £ 000	Fixed and mobile plant, vehicles and computers £ 000	Assets under construction £ 000	Total £ 000
Cost or valuation				
At 1 April 2019	5,310	246,271	(1,452)	250,129
Additions	145	30	3,954	4,129
Disposals	-	(1,799)	-	(1,799)
At 31 March 2020	5,455	244,502	2,502	252,459
At 1 April 2020	5,455	244,502	2,502	252,459
Additions	171	467	4,368	5,006
Disposals	-	(2)	-	(2)
Transfers/reclassifications	-	6,735	(6,735)	-
At 31 March 2021	5,626	251,702	135	257,463
Depreciation				
At 1 April 2019	-	36,164	-	36,164
Charge for year	180	6,106	-	6,286
Eliminated on disposal	-	(1,799)	-	(1,799)
At 31 March 2020	180	40,471	-	40,651
At 1 April 2020	180	40,471	-	40,651
Charge for the year	188	5,994	-	6,182
At 31 March 2021	368	46,465	-	46,833
Carrying amount				
At 31 March 2021	5,258	205,237	135	210,630
At 31 March 2020	5,275	204,031	2,502	211,808
At 1 April 2019	5,310	210,107	(1,452)	213,965

Included within the net book value of land and buildings above is £5,258,000 (2020 - £5,275,000) 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 EFW (Runcorn) Limited**Notes to the Unaudited Financial Statements for the Year Ended 31 March 2021 (continued)****9 Property, plant and equipment (continued)**

Right of use assets held under leases included above were:

	Machinery £ 000	Property £ 000	Total £ 000
Cost or valuation			
At 1 April 2020	7	5,455	5,462
Additions	-	171	171
At 31 March 2021	<u>7</u>	<u>5,626</u>	<u>5,633</u>
Depreciation			
At 1 April 2020	2	180	182
Charge for the year	2	188	190
At 31 March 2021	<u>4</u>	<u>368</u>	<u>372</u>
Carrying amount			
At 31 March 2021	<u>3</u>	<u>5,258</u>	<u>5,261</u>
At 31 March 2020	<u>5</u>	<u>5,275</u>	<u>5,280</u>

10 Derivatives held for risk management and hedge accounting**Derivatives held for risk management**

The following table provides a reconciliation by risk category of components of equity and analysis of other comprehensive income items (net of tax) resulting from hedge accounting.

	2021 Assets £ 000	Liabilities £ 000
Non-current		
Derivatives used for cash flow hedging	<u>-</u>	<u>371</u>

The company uses other derivatives, not designated in a qualifying hedging relationship, to manage its exposure to foreign currency, interest rate, equity market and credit risks.

The amounts above are at the fair value of financial instruments using level 2 - inputs that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices).

Viridor EFW (Runcorn) Limited

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

11 Financial instruments by category

		Amortised cost		
	Notes	Loans and receivables £000	Trade receivables and trade payables £000	Total £000
31 March 2021				
Financial assets				
Trade and other receivables	13	-	30,114	30,114
Cash and cash equivalents	14	131	-	131
		<u>131</u>	<u>30,114</u>	<u>30,245</u>
Financial liabilities				
Borrowings	16	(206,888)	-	(206,888)
Trade and other payables	15	-	(4,440)	(4,440)
		<u>(206,888)</u>	<u>(4,440)</u>	<u>(211,328)</u>
31 March 2020				
Financial assets				
Trade and other receivables	13	-	4,246	4,246
Cash and cash equivalents	14	2,033	-	2,033
		<u>2,033</u>	<u>4,246</u>	<u>6,279</u>
Financial liabilities				
Borrowings	16	(208,205)	-	(208,205)
Trade and other payables	15	-	(5,217)	(5,217)
		<u>(208,205)</u>	<u>(5,217)</u>	<u>(213,422)</u>

12 Inventories

	31 March 2021 £ 000	31 March 2020 £ 000
Raw materials and consumables	<u>8,201</u>	<u>6,576</u>

Viridor EFW (Runcorn) Limited

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

13 Trade and other receivables

		31 March 2021 £ 000	31 March 2020 £ 000
Trade receivables		12,449	748
Receivables from related parties	20	17,665	3,498
Prepayments and other receivables		2,712	1,861
		<u>32,826</u>	<u>6,107</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	10,890	748
Past due 1 - 30 days	1,270	-
Past due 31 - 120 days	244	-
Past due more than 120 days	45	-
	<u>12,449</u>	<u>748</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.

14 Cash and cash equivalents

	31 March 2021 £ 000	31 March 2020 £ 000
Cash on hand	<u>131</u>	<u>2,033</u>

15 Trade and other payables

		31 March 2021 £ 000	31 March 2020 £ 000
Trade payables		344	291
Accrued expenses		2,784	2,559
Amounts due to related parties	20	4,096	4,926
Other taxes		4,325	22
		<u>11,549</u>	<u>7,798</u>

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

Viridor EFW (Runcorn) Limited

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

16 Loans and borrowings

Current loans and borrowings

	Note	31 March 2021 £ 000	31 March 2020 £ 000
Finance lease liabilities		122	114
Amounts due to related parties	20	11,159	6,674
		<u>11,281</u>	<u>6,788</u>

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

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		5,904	5,904	5,883	5,883
Amounts due to related parties	20	189,703	189,703	195,534	195,534
		<u>195,607</u>	<u>195,607</u>	<u>201,417</u>	<u>201,417</u>

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

The maturity of non-current borrowings is:

	31 March 2021 £ 000	31 March 2020 £ 000
Between 1 and 2 years	11,412	9,895
Between 2 and 5 years	33,896	29,706
Over 5 years	150,299	161,816
	<u>195,607</u>	<u>201,417</u>

The weighted average maturity of non-current borrowings was 20 years (2020: 21 years).

Total borrowings

	31 March 2021 £ 000	31 March 2020 £ 000
Finance lease liabilities	6,026	5,997
Amounts due to Intermediate parent company	200,862	202,208
	<u>206,888</u>	<u>208,205</u>

The loan from the intermediate parent company is unsecured and repayable on demand. Interest is charged on the borrowings on a daily basis at a rate of 4.698% (2020: 4.968%).

Viridor EFW (Runcorn) Limited**Notes to the Unaudited Financial Statements for the Year Ended 31 March 2021 (continued)****17 Share capital****Allotted, called up and fully paid shares**

	31 March 2021		31 March 2020	
	No.	£	No.	£
Ordinary shares of £1 each	<u>4</u>	<u>4</u>	<u>4</u>	<u>4</u>

18 Commitments**Capital commitments**

The total amount contracted for but not provided in the financial statements was £220,000 (2020 - £220,000).

19 Contingent liabilities

	31 March 2021 £ 000	31 March 2020 £ 000
Bank guarantee	<u>131</u>	<u>2,033</u>
	<u>131</u>	<u>2,033</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.

No liability is expected to arise in respect of the guarantees.

Viridor EFW (Runcorn) Limited**Notes to the Unaudited Financial Statements for the Year Ended 31 March 2021 (continued)****20 Related party transactions**

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

Year end balances

		31 March 2021 £000	31 March 2020 £000
Intermediate parent company		13,000	-
Immediate parent company		-	3,498
Fellow subsidiaries		<u>4,665</u>	<u>-</u>
	13	<u>17,665</u>	<u>3,498</u>
Non-current borrowings			
Intermediate parent company		<u>(189,703)</u>	<u>(195,534)</u>
	16	<u>(189,703)</u>	<u>(195,534)</u>
Current borrowings			
Intermediate parent company		<u>(11,159)</u>	<u>(6,674)</u>
	16	<u>(11,159)</u>	<u>(6,674)</u>
Current trade payables			
Intermediate parent company		(817)	(26)
Immediate parent company		(210)	(4,900)
Fellow subsidiaries		<u>(3,069)</u>	<u>-</u>
	15	<u>(4,096)</u>	<u>(4,926)</u>

The loan from the intermediate parent company is unsecured and repayable by instalments until 31/03/2039. Interest is charged on the borrowings on a daily basis at a rate of 4.698% (2020: 4.698%)

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

Viridor EFW (Runcorn) Limited

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

20 Related party transactions (continued)

Transactions with related parties

Income from related parties:

		Intermediate parent company £ 000	Immediate parent company £ 000	Fellow subsidiaries £ 000	Total £000
2021	Note				
Sale of goods and services		-	15	23,187	23,202
Income from provision of loan finance	5	92	-	-	92
		<u>92</u>	<u>15</u>	<u>23,187</u>	<u>23,294</u>
				Immediate parent company £ 000	Total £000
2020					
Sale of goods and services				34,193	34,193

Expenditure with related parties:

		Intermediate parent company £ 000	Immediate parent company £ 000	Fellow subsidiaries £ 000	Total £000
2021	Note				
Purchase of goods and services		-	-	(1,807)	(1,807)
Administrative charges		-	-	(5,251)	(5,251)
Dividends payable		-	(4,000)	-	(4,000)
Payment for provision of loan finance	5	<u>(9,478)</u>	<u>-</u>	<u>-</u>	<u>(9,478)</u>
		<u>(9,478)</u>	<u>(4,000)</u>	<u>(7,058)</u>	<u>(20,536)</u>

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 EFW (Runcorn) Limited

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

21 Parent and ultimate parent undertaking

The following information relates to the Group structure that existed at 31 March 2021.

The company's immediate parent is Viridor Energy Limited.

The ultimate parent was KKR Planets Aggregator L.P.

The most senior parent entity producing publicly available financial statements is 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