Registration number: 13515153

Viridor Energy (Investments One) Limited

Annual Report and Audited Financial Statements

for the Year Ended 31 March 2023

Viridor Energy (Investments One) Limited

Contents

Viridor Energy (Investments One) Limited

Company Information

Directors	N W Maddock
	K M Bradshaw
Company secretary	L M Hughes
Registered office	Viridor House Priory Bridge Road Taunton Somerset TA1 1AP
Auditors	Ernst & Young LLP The Paragon Counterslip Bristol BS1 6BX

Viridor Energy (Investments One) Limited

Strategic Report for the Year Ended 31 March 2023

The directors present their strategic report for the year ended 31 March 2023.

PRINCIPAL ACTIVITY

Viridor Energy (Investments One) Limited ("the Company") and its subsidiary companies ("the Group" or "the Energy Group") are at the forefront of transforming the Waste sector, providing the infrastructure to efficiently recover vital energy from residual waste through energy recovery facilities ('ERFs') throughout the UK.

Furthermore, the Company is a holding company for a number of subsidiaries.

FINANCIAL HIGHLIGHTS

The Energy Group continued to deliver outstanding results, with Earnings before interest, tax, depreciation and amortisation increasing to £353.7m (2022: £220.2m) driven by improvements in the operational and commercial performance of the ERFs and positive macroeconomic conditions.

Revenue
Statutory and Underlying £599.8 m (2022: £470.2 m)

Earnings before interest, tax, depreciation and amortisation (EBITDA)
Statutory and Underlying £353.7 m (2022: £220.2 m).

Profit / loss before tax
Statutory and Underlying Profit £271.4 m (2022: Loss £96.8 m)

FINANCIAL REVIEW

Viridor Energy (Investments One) Limited is delivering improvements in the operational and commercial performance of the ERFs. With a de-risked infrastructure model, our investment is backed by profitable long-term contracts.

Statutory financial performance
Viridor Energy (Investments One) Limited's statutory results showed profit before tax of £271.4 million (2022: £96.8 million loss).

Financial performance
Viridor Energy (Investments One) Limited's revenues increased by 27.6% to £599.8 million in the period (2022: £470.2 million). This was driven by improvements in the operational and commercial performance of the ERFs and positive macroeconomic conditions. Viridor Energy (Investments One) Limited EBITDA was £353.7 million (2022: £220.2 million) an increase of £133.5 million (60.6%).

The share of JV post-tax profit has increased by £9.6 million (139.1%) to £16.5 million this year.

Net finance costs
During the year net finance costs were £42.0 million (2022: £263.3 million) including gains on derivative financial instruments of £15.8 million (2022: losses of £191.4 million), service concession arrangement interest receivable of £13.5 million (2022: £13.3 million) and interest on borrowings of £74.3 million (2022: £91.2 million).

Further details are set out in note 8 to the financial statements.

Dividends
Viridor Energy (Investments One) Limited paid dividends of £200.0 million during the year (2022: £2,471.8 million).

Capital investment
Viridor Energy (Investments One) Limited's property, plant & equipment investments in the period was £25.8 million (2022: £26.6 million). The majority of the expenditure during the year relates to the ERF portfolio, principally the lifecycle capital spend across the ERF fleet.

FINANCIAL REVIEW

Liquidity and debt profile

Cash holdings were £88.2 million (2022: £124.0 million).

During the year, a Term Loan, totalling £75.0 million, was agreed.

The key terms of the Group's borrowing facilities are summarised as follows at 31 March 2023:

	Facility	Maturity	Amount drawn down
Senior:			
Private placement	£1,585m	March 2043	£1,567m
Facility A	£780m	December 2033	£724m
Facility B	£120m	September 2027	£120m
Revolving credit facility	£65m	December 2026	£nil
DSR Revolving credit facility	£65m	December 2026	£nil
Term Loan	£75m	March 2028	£75m

The current financial arrangements include a financial covenant requiring a minimum Debt Service Cover Ratio (DSCR) of 1.05x. The first testing date of the financial covenant was for the twelve months ended 31 March 2023 and then every Half Year thereafter, on a rolling twelve months basis. Further, the Group comfortably exceeded this minimum value at 31 March 2023 and projects to do so for at least the period until 31 March 2025.

During the prior year the Group was refinanced - previously the group was financed from within the Viridor Group and this has been replaced with external financing. This had the effect of providing a stable debt profile and making the Group independent from the rest of the wider Viridor Group. Loans from the parent company were repaid in full and replaced by £2,485m of external borrowings. Terms and conditions of the new facilities are included in note 3.

Treasury, taxation and insurance services

The treasury function of Viridor Energy (Investments One) Limited sought to ensure that sufficient funding was made available to meet foreseeable needs, reasonable headroom for contingencies was maintained, and that the Group complied with its debt covenants. Taxation compliance services were provided by the in-house team and the Group's taxation strategy was published on our website, www.viridor.co.uk.

OPERATIONS, VISION AND STRATEGY

Our Purpose
To build a world where nothing goes to waste.

Our Vision
To be the UK's leading innovator of resource recovery and recycling, transforming waste for a climate-positive future.

Our Values
- We lead with ambition
- We believe in each other
- We rise to the challenge
- We look after tomorrow

Energy Recovery Facilities are vital in supporting the UK's ambition to reduce waste in an efficient and effective manner, helping to reduce the impact of waste on climate change. After reducing, reusing and recycling as much as possible, our ERFs across the UK provide the infrastructure to recover efficiently vital energy from residual waste, meaning landfill becomes the last resort.

The ERF fleet continues to perform well and achieved availability of 92% (2022: 92%), including our joint ventures, excluding Glasgow as it utilises different technology. Input tonnage for the year was 3,428kt (2022: 3,340kt) and GWh exported were 2,159 (2022: 1,949). These increases were driven by improved efficiencies across the fleet this year.

Environmental Social Governance (ESG) Strategy
The wider Viridor Group continues to build on its strengths and achievements in sustainability under a unifying framework built on environment, social and governance principles. The first ESG strategy since our purchase by funds advised by KKR has been launched and can be found on our website www.viridor.co.uk. We report on the ESG strategy delivery progress through an annual ESG report, also available on our website.

As part of the business decarbonisation strategy the Group has committed to 2040 net zero and 2045 net negative emissions targets and is committed to setting short term 1.5°C aligned reduction targets. However, while this is critical, our ambition is to go further, becoming the first net negative emissions waste and recycling company in the UK - removing more anthropogenic greenhouse gasses from the atmosphere than we emit by 2045.

To achieve this we will:
- Deliver material improvements in leading and lagging indicators of health and safety performance and be accredited
- Reduce direct emissions from all our core operations
- Maximise the amount of waste that is recycled
- Capture and store carbon emissions from out strategic sites
- Generate negative emissions by expanding carbon capture to our national network of sites, alongside exploring new products that can be created from CO_2 waste stream
- Supply more homes and businesses with clean heat

PEOPLE, SOCIAL AND ENVIRONMENTAL

Ensuring everyone gets home safe
Our people are critical to everything we do. Without people, Viridor would simply cease to function. If we are to build a world where nothing goes to waste, we need to create and maintain an environment where our people are safe, well and grow.Looking after people's safety and wellbeing is not just a moral imperative, it is good business. Keeping our people safe and well gives confidence to our colleagues to stay with Viridor, keeps facilities operating, and attracts people to join us. We have already started down the road to health, safety & wellbeing excellence and targeted being the leader in the UK waste industry by 2025. Our support divides into physical and mental health to enable our people to be their best. Our health, safety & wellbeing programme, HomeSafe, is designed to ensure we not only value our own safety and wellbeing, but also take responsibility for the safety and wellbeing of others. As we look ahead, we want to achieve more. We want to continually strive to make our operations and working environments safer and healthier for our colleagues, partners, customers and communities. To do this effectively, HomeSafe must continue to evolve, and as such:

• We have re-defined a clear Safety, Health, Envirionment, Quality and Security (SHEQS) Purpose, Vision and Mission which is fully aligned to our ESG ambition, through our HomeSafe 22-25 Strategy launched in December 2022. The HomeSafe Strategy includes as series of strategic objectives for SHEQS. To ensure that we achieve our strategic objectives we have a SHEQS Roadmap which identifies annual projects to ensure continual improvement. The progress of these projects is tracked and monitored through our Programme Board meetings which also provides governance.

• During 2022 we revisited the foundations of HomeSafe, looking closely at our shared behaviours and rules to make sure they are fit for our operations. Our Core Expectations, Safety Absolutes and Life Saving Rules remain mostly unchanged, however we have introduced a new layer, our HomeSafe Essentials which focus on the everyday, common causes of harm in our business, and also reach a wider audience including our non-operational workforce.

• The HomeSafe brand has been refreshed to align with wider branding updates, and to ensure HomeSafe remains current, and we also introduced a new 'tag line' of HomeSafe: Every One, Every Day which summarises our purpose, vision, mission and personal commitment to ensure that every one in our organisation goes Home Safe and well at the end of every day.

To ensure that the new HomeSafe Strategy and refresh landed effectively, in February 2022 we commenced a 100 day campaign which aimed to re-launch, refresh and reinvigorate HomeSafe at all of our Operational Sites and Offices. This included a series of townhall and webinar sessions following the campaign themes of Speak Up, Look Out and Talk More. The campaign was supported by resources such as:
• a suite of posters
• nudge stickers
• campaign planner
• resource guide
• a new HomeSafe booklet
• a new HomeSafe toolbox talk suite covering the HomeSafe Essentials
• in 2023 we will be introducing a Conversation cube with 36 interchangeable inserts detailing conversation prompts to reinvigorate safety moments / safety conversations
• refreshed HomeSafe Sharepoint Page
• refreshed Visitor animations
• refreshed life saving rules animations, and
To continue to build on these strong foundations, we have established a HomeSafe Steering Group who will drive the ongoing development of materials, resources and further communications post 100 day campaign.

PEOPLE, SOCIAL AND ENVIRONMENTAL

Talent and performance
We focus on optimising and broadening colleagues' performance within the company to attract, grow and retain the best talent. Our processes will help us to manage succession; to identify, select, develop and retain people to progress within our business in the following ways:
• Performance appraisal reviews that incorporate 360 feedback - with all performance objectives aligned to strategic goals and set against our business and ESG strategies to ensure that our colleagues are all pulling in the same direction as one team.
• Bonus Incentive Schemes based on high performance - to ensure our colleagues can share the rewards of their hard work.
• Profit Share Scheme to ensure all our colleagues benefit from our collective success.

We will build on this to ensure that we can develop and retain people by addressing the following:
• Identifying our internal emerging talent and supporting their development in the organisation.
• Develop career pathways so everyone in the organisation can design individual development plan for their ambitions.
• Develop succession planning, especially for critical roles, to ensure that we can safely maintain our round-the-clock operations.
• Develop a diversity and inclusion strategy to actively move our colleague population towards a more balanced representation of the diversity of the communities in which we work. Vitally, this will include a strategy on gender pay gap.
• Commit to becoming a living wage employer by financial year 2023/24 ensuring everyone that works for Viridor is paid fairly.

Great place to work
As well as effective communication, we need to create trust and engagement among our colleagues. Without this, our purpose and values will struggle to gain traction needed. In 2021 we carried out our first colleague wide trust and engagement survey since becoming a standalone business. This survey took place after a time of considerable change in the business and forms the baseline against which we will measure our progress. Our target was to be classed as a 'Great place to work' by the end of the financial year 2024, but we have since received this accolade a year early which shows our commitment to our people.

Gender diversity
At Viridor, we are committed to not only eliminating discrimination but also creating a diverse workforce. We believe that everyone should be treated with equal respect and dignity and should have access to the same opportunities to develop professionally and personally within the Company. We believe a diverse workforce creates a positive and open culture, we celebrate differences and value everyone's contributions to the everyday workings of the Company. We recognise and value each individual's own personal background and skillset and we strive to grow talent and reach full potential.

We measure gender balance from the top down and by function across Viridor. We are adopting some big changes in our policies to help attract and retain our female talent, including the introduction of more progressive family friendly policies which are representative of our business today. Our early careers programme focuses on recruiting a select number of junior talent into our business providing them with a clear development programme, designed around their skillset and personal interests. By recruiting a select number of diverse junior talent we can dedicate the time and resource to developing their careers and create a pipeline of future leaders who will stay with us for the long term.

We remain committed to creating an inclusive workspace and we are focusing on the following action plan:
• Review our Graduate assessment programmes to ensure they are more inclusive and enable female talent to be successful and equally able to progress through different roles.
• Promote our female talent and actively support their growth and development.
• Review the Recruitment process, where possible ensure female representation through all stages, including at interview stage.
• Continue to ensure pay parity is maintained when recruiting new roles across the business.
• Continue to review on gender representation at each level, from the Executive Leadership Team though the organisation, to identify any areas of weakness or potential barriers to progression.

PEOPLE, SOCIAL AND ENVIRONMENTAL

Environmental Performance
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 reduce the risk of pollution incidents. In addition to the services Viridor Energy (Investments One) Limited 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.

Social
Our people are not just our employees, they are active members of the communities where we work. Our ambition is for our purpose to be greater than work; carried into wider society. We aim to equip colleagues to carry on building a world where nothing goes to waste within their communities. Through this we support our communities to be part of and share our purpose.

We deliver this through our team of Social Value and Community Benefits Officers, onsite education centres, our digital tools and empowered colleagues. With a large local authority client base, ensuring our activities deliver maximum local social value is a key driver. Site based Social Value and Community Benefits Officers use our dedicated onsite and virtual education centres combined with site tours to support local education and community groups to understand how we manage their waste safely and responsibly operate within strict environmental limits.

Community engagement is achieved in multiple ways, via, using face-to-face, live online sessions and digital tools. These have proved to be highly effective and enabled us to engage with almost 20,000 people in the financial year 2021/22. By offering flexible and hybrid engagement we've increased the number of people reached to 25,000, in 2022/23.

All colleagues are encouraged to take one volunteering day per year, and these have included tree planting, litter picking and beach cleaning.

All Viridor facilities are permitted and monitored by the relevant environmental authorities. For us and our communities, it is critical we operate to the highest standards and continue to improve. In financial year 2022/23 we set a new target for our environmental performance, and make sure that all Viridor sites will achieve an Environmental Agency Permit rating between Bands A and C, inclusive.

Although Viridor considers the inherent risk of encountering issues of modern slavery within its business, supply chains and strategic affiliations to be low, it is nonetheless an issue that the Group and the Directors take very seriously. The Group's full statement under section 54 of the Modern Slavery Act 2015 is published on its website https://www.viridor.co.uk/.

SECTION 172(1) 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.

The likely consequences of any decision in the long term

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.

The interests of the Company's employees

We are a responsible employer, focused on employee engagement and communication, promoting a diverse and inclusive workforce and the continued development of our people in a safe working environment.

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.

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 the Environment Agency, Scottish Environmental Protection Agency (SEPA) and Natural Resources Wales.

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.

The need to act fairly as between members of the company

Relevant decisions of the Board have been discussed at the meetings of the parent company Board.

RISK REPORT

Risk management and internal control framework

Viridor Energy (Investments One) Limited faces a variety of risks which, should they arise, could materially impact its ability to achieve its strategic priorities. The effective management of these existing and emerging risks is, therefore, essential to the long-term success of the Group.

Viridor Energy (Investments One) Limited manages risk in accordance with the Group's integrated risk management framework. A consistent methodology is applied to the identification, evaluation and management of the principal risks which considers both the likelihood of the risk occurring and the potential impact from a stakeholder and customer, financial, management effort and reputational perspective. Principal and other risks are captured in risk registers which are regularly reviewed and challenged. Viridor Energy (Investments One) Limited seeks to reduce its risk exposure, in line with the desired risk appetite and tolerance levels, through the operation of a robust internal control environment.

Principal risks and uncertainties

Viridor Energy (Investments One) Limited's business model exposes the business to a variety of external and internal risks. The assessment of principal risks is informed by the potential impact of macro political, economic and environmental factors. Whilst the ability of the Group to influence these macro level risks is limited, they continue to be regularly monitored and the potential implications on the Group are considered as part of the on-going risk assessment process.

For each principal risk we report; Strategic Impact on the long-term priorities affected, Mitigation approach, Net risk after mitigation (High, Medium, or Low) and Net risk change (Increasing, Stable, or Decreasing) and Risk Appetite.

Market and economic conditions

Principal Risks	*Strategic Impact*	*Mitigation*	Net Risk	Risk Appetite
Macro-economic risks impacting commodity and power prices	Long-term priorities affected: Driving sustainable growth.Volatility in power prices has a direct impact on the revenues generated by our energy business.	We remain well positioned with long term contracts supporting the ERF business. Energy risk management, including forward hedges, is undertaken by a highly skilled specialist team in line with the Group's Energy Risk Policy.	High Net Risk Stable Risk Level	We seek to take well-judged and informed decisions while ensuring plans are in place to mitigate the potential impact of macro-economic risks.
Emerging risks	Long-term priorities affected: Leadership in UK waste and Driving sustainable growth.	The pipeline of new technology developments is regularly assessed. Our new ESG strategy launched in 2022 supported by a dedicated ESG team ensures a strong voice in the sector with regular engagement with government and other regulatory bodies.	Medium Net Risk Stable Risk Level	We seek to reduce the impact through regular horizon scanning and supported by a credible and effective ESG strategy and team.

Law, regulation and finance

Principal Risks	Strategic Impact	Mitigation	Net Risk	Risk Appetite
Compliance with Laws and regulations	Long-term priorities affected: Leadership in UK waste and Leadership in cost base efficiency.Non-compliance may result in financial penalties, a negative impact on our ability to operate effectively and reputational damage.	We operate a robust and mature regulatory framework which ensures compliance. We maintain a proactive and positive relationship with our key environmental regulators the Environment Agency, Scottish Environmental Protection Agency (SEPA) and Natural Resources Wales. We continue to provide a rolling programme of training and guidance to our staff, contractors and partners, ensuring that we follow the Group's Code of Conduct.	High Net Risk Increasing Risk Level	We have the highest standards of compliance and have no appetite for legal and regulatory breaches.
Non-compliance or occurrence of avoidable health and safety incident	Long-term priorities affected: All.A breach of health and safety law could lead to financial penalties, significant legal costs and damage to the Group's reputation.	The effective management of health and safety risks continues to be a priority. Experienced health and safety professionals are providing advice, guidance and support to operational staff.	Medium Net Risk Stable Risk Level	We have no appetite for incidents and have the highest standards of compliance within the Group.
Market risk	Long-term priorities affected: Leadership in cost base and Driving sustainable growth.	The Group has entered into interest rate swaps to fix borrowings at fixed rates, to manage the risk of fluctuating interest rates impacting group performance. We have a strong degree of structural protection against inflation, through inflation-linked gate fees.	Low Net Risk Stable Risk Level	We operated a low tolerance for interest rate risk. We protect against inflation through inflation linked gate fees and incremental hedging of our inflation exposure to lock-in long-term rates. Our hedging policies are subject to regular risk committee and treasury review.
Liquidity risk	Long-term priorities affected: All	The Group maintains facilities that are designed to ensure significant available funds for operations, planned expansions and facilities in line with strategic plan at all times, with reasonable headroom for contingencies.	Low Net Risk Stable Risk Level	We have no appetite for liquidity risk and ensure that we always ensure availability of liquidity throughout all business decisions

Operating performance

Principal Risks	Strategic Impact	Mitigation	Net Risk	Risk Appetite
Poor operating performance due to extreme weather or climate change	Long-term priorities affected: Leadership in UK waste.Failure of our assets to cope with extreme weather conditions may lead to an inability to meet our customers' needs. environmental damage, costs and reputational damage.	The increased frequency and impact of extreme weather exposes our assets to risk.We seek to mitigate this risk through our planned capital investment, emergency resources and contingency planning. We have in place regional adverse weather management strategies aimed at reducing disruption to site operations and transport logistics.	Low Net Risk Stable Risk Level	We seek to reduce both the impact and likelihood through planning and forecasting to ensure that measures are in place to mitigate the impact on our operations.
Business interruption or significant operational failures/ incidents	Long-term priorities affected: Leadership in UK waste and Driving sustainable growth.Business interruption caused by defects, outages or fire could impact the availability and optimisation of our ERFs.	We maintain detailed contingency plans and incident management procedures which are reviewed regularly. and assets are managed through a programme of planned and preventive maintenance and effective management of stores. The focus on the effective optimisation of the ERF fleet has resulted in 92% availability.	Medium Net Risk Stable Risk Level	We operate a low tolerance for significant operational failure and incidents and seek to mitigate these risks where possible.
Difficulty in recruitment, retention and development of appropriate skills, which are required to deliver the Group's strategy	Long-term priorities affected: All.Failure to have a workforce of skilled and motivated individuals will detrimentally impact all of our strategic priorities. We need the right people in the right places to innovate, share best practice, deliver synergies and move the Group forward.	The pandemic and Brexit have impacted the UK labour market and availability of labour for operational roles remains tight. However our labour turnover has stabilised. Our HR strategy continues to be embedded and a range of initiatives to support retention, taking account of current employment market conditions, has been delivered. Succession plans are in place for senior positions.	Medium Net Risk Decreasing Risk Level	We ensure the appropriate skills and experience are in place with succession plans providing adequate resilience.
Failure of information technology systems, management and protection including cyber risks	Long-term priorities affected: Leadership in UK waste.Failure of our information technology systems, due to inadequate internal processes or external cyber threats could result in the business being unable to operate effectively and the loss of data. This would have a detrimental impact on our customers and result in financial penalties and reputational damage.	We operate a mature and embedded governance framework over the 'business as usual' IT environment and major project implementations aligned to ISO27001 standards. Disaster recovery plans are in place for corporate and operational technology and these are regularly reviewed and tested. Cyber threats continue to increase in volume and sophistication. These risks are mitigated by a strong information security framework aligned to guidance issued by the National Cyber Security Centre (NCSC).	Medium Net Risk Increasing Risk Level	We seek to minimise the risk of information technology failure and cyber security threats to the lowest level without detrimentally impacting on business operations

Forward-looking statements

This strategic report, consisting of pages 2 to 12, contains forward-looking statements regarding the financial position; results of operations; cash flows; dividends; financing plans; business strategies; operating efficiencies; capital and other expenditures; competitive positions; growth opportunities; plans and objectives of management; and other matters. These forward-looking statements including, without limitation, those relating to the future business prospects, revenues, working capital, liquidity, capital needs, interest costs and income in relation to the Group, wherever they occur in this strategic report, are necessarily based on assumptions reflecting the views of the Group, as appropriate. They involve a number of risks and uncertainties that could cause actual results to differ materially from those suggested by the forward-looking statements. Such forward-looking statements should, therefore, be considered in the light of relevant factors, including those set out in this section on principal risks and uncertainties.

Approved by the board on 31 May 2023 and signed on its behalf by:

Nick Maddock

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N W Maddock
Director

Lyndi Hughes

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L M Hughes
Company secretary

Directors' Report for the Year Ended 31 March 2023

The Directors present their report and the consolidated financial statements for the year ended 31 March 2023.

The Directors' report is prepared in accordance with the provisions of the Companies Act 2006 and regulations made thereunder. It comprises pages 13 to 15 as well as any matters incorporated by reference. Information regarding Viridor Energy (Investments One) Limited, 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 2 to 12 of this Annual report.

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, the position of the Company s business at the end of the year, a description of the principal risks and uncertainties facing the Company (including environmental. social and governance (ESG) risks), and financial and non-financial key performance indicators (including environmental matters and employee matters).

The subsidiaries of the Company are listed in note 18 to the financial statements.

Financial results and dividend
The profit on ordinary activities after charging non-underlying items and taxation was £254.6 million (2022: £116.3 million loss).

The Directors do not recommend a final dividend (2022: £nil). Viridor Energy (Investments One) Limited paid interim dividends of £200.0 million during the year (2022: £2,471.8 million).

The review of performance on pages 2 to 12 analyses the Group's financial results in more detail and sets out other financial information.

Directors' of the group
The Directors, who held office during the year and up to the date of signing the financial statements were as follows:

N W Maddock

K M Bradshaw

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

Directors' liabilities
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.

Stakeholder engagement
We are committed to carrying out our business in a responsible way and remain focused on continued dialogue our stakeholders. We continue to engage actively with all our stakeholders, including our customers, our communities, our people and our suppliers, as well as with our investors. Our continuous engagement allows stakeholders to provide feedback on the matters they consider to be important and any issues which they would like to be addressed.

We set out below some of the most significant decisions taken during the year and how stakeholder interests were taken into account.

Directors' Report for the Year Ended 31 March 2023 (continued)

Strategic plans
The impacted stakeholders were shareholders, employees, customers and communities. Factors taken into consideration were; Generation of value for shareholders. Continued delivery of high standards of service to customers and Regulatory and environmental compliance.

The outcome was Directors agreement of Strategic plans.

Employment policies and employee involvement
The average number of employees during the year was 526 (2022: 642). Details of the related costs can be found in note 12 to the financial statements.

Employee consultation is maintained via various means including formalised trade union processes, consultative committees, and specific working groups. All these are chaired by senior management of the Group, with representatives drawn from all functional areas as appropriate. These forums, together with regular meetings, are used to ensure that employees are kept up to date with the Group's business performance and financial and economic factors affecting performance. Information is cascaded regularly to all employees to provide them with important and up to date information about key events.

A performance appraisal system exists for all non-manual staff and managers. Viridor Energy (Investments One) Limited uses a range of incentivisation arrangements as appropriate to each group of workers and job satisfaction is supported by encouraging role changes wherever possible within the Group to help employees gain broad experience of business activities. Viridor Energy (Investments One) Limited, as a 'good employer', has operated several 'family-friendly' policies during the year, which exceed statutory requirements.

Occupational health and safety remain key elements of Viridor Energy (Investments One) Limited's assessment of risk management. Training in skills acquisition and health and safety continues to ensure that employees have the knowledge and expertise to undertake their jobs to the best of their ability.

Viridor Energy (Investments One) Limited is committed to ensuring that no current or future employee is disadvantaged because of age, gender, religion, colour, ethnic origin, marital status, sexual orientation or disability. Viridor Energy (Investments One) Limited's equal opportunities policy ensures that there is no bias or discrimination in the availability of training and opportunities for career development and promotion. In particular, Viridor Energy (Investments One) Limited welcomes applications for employment from disabled persons and makes special arrangements and adjustments as necessary to ensure that disabled applicants are treated fairly when attending for interview or for pre-employment aptitude tests. Wherever possible, the opportunity is taken to retrain people who become disabled during their employment in order to maintain their employment within Viridor Energy (Investments One) Limited.

Streamlined Energy and Carbon Reporting (SECR)
The Streamlined Energy and Carbon Report (SECR) is reported within the financial statements of Planets UK Midco Limited (the largest Group in which this Group's results are consolidated) for the year ended 31 March 2023.

Financial risk management policy
The Group's financial risk management policy is set out at note 3 of the financial statements.

Financial instruments
Details of the Group's financial instruments are provided in note 2 and note 16 of the financial statements.

Political donations
No political donations were made, or political expenditure incurred, and no contributions were made to a political party.

Directors' Report for the Year Ended 31 March 2023 (continued)

Going concern
At the time of the approving the financial statements the directors have a reasonable expectation that the Group and Company have adequate resources to continue in operational existence for the period until 31 March 2025 (the period of management's assessment).

When making this assessment, management considers whether the Group will be able to maintain adequate liquidity headroom above the level of its debt service obligations and to operate within the financial covenants applicable to its debt facilities which will be measured at 30 September 2023, 31 March 2024, 30 September 2024 and 31 March 2025.

As of 31 March 2023, the Group had £2.690 billion of committed borrowing facilities, of which £2.486 billion was drawn, £0.204 billion was undrawn. The maturity of these borrowings ranges between September 2027 and March 2043. These facilities have covenants associated to them and in preparing their assessment management has considered these covenants for the period until 31 March 2025.

For their assessment, management has prepared two cash flow forecasts - a base case and a downside case which cover the period to 31 March 2025. The downside case adjusts the base case for various scenarios that could result in reducing free cashflow over the period to 31 March 2025. Management has also performed a reverse stress test to identify a scenario which could exhaust available borrowing facilities or breach covenants. As a result of this analysis management do not see a risk of a material loss in revenue should such scenarios occur. A substantial proportion of Viridor's revenue is contracted revenue with Local Authorities Collected Waste (LACW) and Tier 1 Commercial and Industrial (C&I) customers. Tier 1 relates to investment grade and low risk counterparties. Majority of these contracts are long term and with guaranteed minimum tonnage and substantial termination penalty clauses which make it financially disadvantageous to terminate unilaterally, therefore management consider the risk of a loss of revenue from the termination of key contracts as being low. Management has also considered the risk of insolvency of a major customer and a prolonged ERF outage and the impact of these scenarios on revenue. The analysis demonstrates there is expected to be sufficient cash to continue as a going concern should such events occur.

The base case and the downside case have headroom against debt service obligations and the analysis shows the risk of a breach of covenants is remote. The reverse stress tests demonstrates that all negative events considered would need to occur concurrently for two consecutive years to impact the Group's covenant compliance, management consider that the likelihood of this scenario is remote and improbable.

Therefore, the directors are confident in the ongoing resilience of the Group, and its ability to continue in operation and meet its commitments as they fall due over the going concern period. Accordingly, the directors adopt the going concern basis in preparing the financial statements.

Disclosure of information to the auditor
Each director has taken steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the group's auditor is aware of that information. The directors confirm that there is no relevant information that they know of and of which they know the auditor is unaware.

Reappointment of auditors
The auditors Ernst & Young LLP are deemed to be reappointed under section 487(2) of the Companies Act 2006.

Events after the reporting period
Further details of events after the reporting period are set out at note of the financial statements.

Approved by the board on 31 May 2023 and signed on its behalf by:

Nick Maddock

....
N W Maddock
Director

Lyndi Hughes

....
L M Hughes
Company secretary

Viridor Energy (Investments One) Limited

Statement of Directors' Responsibilities

The directors are responsible for preparing the annual report and the financial statements in accordance with applicable United Kingdom 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 group and parent company 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 group and the company and of the profit or loss of the group and 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 then 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;
- 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;
- in respect of the group financial statements, state whether international accounting standards in conformity with the requirements of the Companies Act 2006 have been followed, subject to any material departures disclosed and explained in the financial statements;
- in respect of the parent company financial statements, state whether international accounting standards in conformity with the requirements of the Companies Act 2006, have been followed, subject to any material departures disclosed and explained in the financial statements and
- prepare the financial statements on the going concern basis unless it is appropriate to presume that the company and/ or the group will not continue in business.

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

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF VIRIDOR ENERGY (INVESTMENTS ONE) LIMITED

Opinion

We have audited the financial statements of Viridor Energy (Investments One) Limited ('the parent company') and its subsidiaries (the 'group') for the year ended 31 March 2023 which comprise Consolidated income statement, Consolidated Statement of Comprehensive income, the group and parent company statement of financial position, the group and parent company statement of changes in equity, the group and parent company statement of cash flows, and the related notes 1 to 31 to financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and UK adopted international accounting standards and as regards the parent company financial statements, as applied in accordance with section 408 of the Companies Act 2006.

In our opinion:

- the financial statements give a true and fair view of the group's and of the parent company's affairs as at 31 March 2023 and of the group's profit for the year then ended;
- the group financial statements have been properly prepared in accordance with UK adopted International Accounting Standards;
- the parent company financial statements have been properly prepared in accordance with UK adopted International Accounting Standards as applied in accordance with section 408 of the Companies Act 2006; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group and parent company's ability to continue as a going concern for the period until 31 March 2025.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the group's ability to continue as a going concern.

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 this 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 the 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 VIRIDOR ENERGY (INVESTMENTS ONE) LIMITED (continued)

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

Matters on which we are required to report by exception
In the light of our knowledge and understanding of the group and the parent company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report and the Directors' Report.

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

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of directors
As explained more fully in the Statement of Directors' Responsibilities on page 16, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud
Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect 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.

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the company and determined that the most significant are IAS in conformity with the Companies Act 2006 and compliance with the relevant direct and indirect tax regulation in the United Kingdom. In addition, the Company has to comply with laws and regulations relating to its operations, including health and safety, waste management and GDPR.
- We understood how Viridor Energy (Investments One) Limited is complying with those frameworks by making enquiries of management and those charged with governance to understand how the company maintains and communicates its policies and procedures in these areas. We understood any controls put in place by management to reduce the opportunities for fraudulent transactions. We assessed the susceptibility of the group's and company's financial statements to material misstatement, including how fraud might occur through inquiry of management and those charged with governance and meeting with management from various parts of the business to understand where it considered there was susceptibility to fraud. Through our procedures we determined there to be risks associated with management override of controls and fraud risks in relation to revenue recognition.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF VIRIDOR ENERGY (INVESTMENTS ONE) LIMITED (continued)

- In relation to management override, our forensic specialists worked with the group engagement team to identify the fraud risks across various parts of the business. Our procedures involved interviews and enquiries of management and those charged with governance with the assistance of the forensic specialists, and journal entry testing. We incorporated data analytics to sample the entire population of journals to identify specific transactions which did not meet our expectations based on specific criteria as well as manual consolidation journals and journals indicating significant or unusual transactions based on our understanding of the business. These procedures included investigating these transactions to gain understanding, challenging the assumptions, judgements and significant estimates made by management and testing them back to source information.
- In performing our work over recognition of revenue, we identified that the areas that were particularly susceptible to fraud were recognition of accrued income on contracts and power generation, revenue subject to IFRIC 12 (Accounting for Service Concession arrangements) and recognition of adjustments made to invoiced revenue. We have separated the revenue into its appropriate streams and selected a sample of revenue transactions throughout the period to perform detailed testing. Our procedures included: Validation of transactions back to contracts, evaluation of appropriateness of assumptions, and where possible, agreeing the transactions to an invoice and cash receipt.

  These procedures were designed to provide reasonable assurance that the group financial statements were free from fraud or error.
- Based on our understanding of laws and regulations identified above, we designed our audit procedures to identify noncompliance with such laws and regulations. Our procedures involved agreeing that material transactions are recorded in compliance with UK adopted International Accounting Standards. Compliance with other operational laws and regulations was covered through our inquiry.

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

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.

Ernst & Young LLP
....
Paul Mapleston (Senior Statutory Auditor)
For and on behalf of Ernst & Young LLP, Statutory Auditor

Bristol

Date: 31 May 2023

Viridor Energy (Investments One) Limited

Consolidated Income Statement for the Year Ended 31 March 2023

	Note	Before non-underlying items 2023 £ m	Non-underlying items (Note 5) 2023 £ m	Total 2023 £ m	Before non-underlying items 2022 £ m	Non-underlying items (Note 5) 2022 £ m	Total 2022 £ m
Revenue	6	599.8	-	599.8	470.2	-	470.2
Operating costs							
Employment costs	6	(31.9)	-	(31.9)	(35.3)	-	(35.3)
Raw materials and disposal costs	6	(92.7)	-	(92.7)	(86.7)	-	(86.7)
Other expenses	6	(121.5)	-	(121.5)	(128.0)	-	(128.0)
Profit before interest, tax, depreciation, amortisation, impairment and share of profit from joint ventures		**353.7**	-	**353.7**	**220.2**	-	**220.2**
Depreciation	6	(43.0)	-	(43.0)	(58.8)	-	(58.8)
Amortisation and impairment of intangibles	6	(13.8)	-	(13.8)	(1.8)	-	(1.8)
Operating profit		**296.9**	-	**296.9**	**159.6**	-	**159.6**
Finance income		36.5	-	36.5	21.0	-	21.0
Finance costs		(78.5)	-	(78.5)	(284.3)	-	(284.3)
Net finance cost	**8**	**(42.0)**	-	**(42.0)**	**(263.3)**	-	**(263.3)**
Share of post-tax profit from joint ventures	19	16.5	-	16.5	6.9	-	6.9
Profit/(loss) before tax		**271.4**	-	**271.4**	**(96.8)**	-	**(96.8)**
Taxation (charge)/credit	9	(16.8)	-	(16.8)	13.9	(33.4)	(19.5)
Profit/(loss) for the year		**254.6**	-	**254.6**	**(82.9)**	**(33.4)**	**(116.3)**

The above results were derived from continuing operations.

Consolidated Statement of Comprehensive Income for the Year Ended 31 March 2023

	Note	Before non-underlying items 2023 £ m	Non-underlying items (Note 5) 2023 £ m	Total 2023 £ m	Before non-underlying items 2022 £ m	Non-underlying items (Note 5) 2022 £ m	Total 2022 £ m
Profit/(loss) for the year		254.6	-	254.6	(82.9)	(33.4)	(116.3)
Items that may be reclassified subsequently to profit or loss							
Unrealised gain or loss on cash flow hedges		46.1	-	46.1	(171.1)	-	(171.1)
Income tax on items that may be reclassified	9	(11.6)	-	(11.6)	43.5	-	43.5
		34.5	-	34.5	(127.6)	-	(127.6)
Total comprehensive income for the year		**289.1**	**-**	**289.1**	**(210.5)**	**(33.4)**	**(243.9)**

(Registration number: 13515153)
Consolidated Statement of Financial Position as at 31 March 2023

	Note	Group 31 March 2023 £ m	Group 31 March 2022 £ m	Company 31 March 2023 £ m	Company 31 March 2022 £ m
Assets					
Non-current assets					
Other intangible assets	13	28.7	41.8	-	-
Property, plant and equipment	14	1,199.6	1,215.0	-	-
Right of use assets	15	35.7	35.0	-	-
Derivative financial assets	22	62.0	28.4	-	-
Investments in subsidiaries	18	-	-	3,264.0	4,000.0
Investments in joint ventures	19	68.7	69.2	-	-
Other non-current assets	17	226.4	239.3	-	-
		1,621.1	1,628.7	3,264.0	4,000.0
Current assets					
Inventories	20	38.2	33.6	-	-
Trade and other receivables	21	161.3	158.9	-	-
Derivative financial assets	22	22.0	4.1	-	-
Cash and cash equivalents	23	88.2	124.0	-	-
		309.7	320.6	-	-
Total assets		**1,930.8**	**1,949.3**	**3,264.0**	**4,000.0**
Liabilities					
Current liabilities					
Trade and other payables	24	(71.3)	(90.4)	-	-
Derivative financial liabilities	22	(67.3)	(127.3)	-	-
Current tax liability		(13.5)	(41.6)	-	-
Loans and borrowings	25	(67.8)	(49.3)	-	-
Provisions	26	(2.3)	(2.3)	-	-
		(222.2)	(310.9)	-	-
Non-current liabilities					
Loans and borrowings	25	(2,425.3)	(2,417.6)	-	-
Derivative financial liabilities	22	(285.9)	(317.9)	-	-
Deferred tax liabilities	9	(55.2)	(50.3)	-	-
Provisions	26	(0.7)	(0.7)	-	-
		(2,767.1)	(2,786.5)	-	-
Total liabilities		**(2,989.3)**	**(3,097.4)**	-	-
Net (liabilities)/assets		**(1,058.5)**	**(1,148.1)**	**3,264.0**	**4,000.0**

(Registration number: 13515153)
Consolidated Statement of Financial Position as at 31 March 2023 (continued)

	Note	Group 31 March 2023 £ m	Group 31 March 2022 £ m	Company 31 March 2023 £ m	Company 31 March 2022 £ m
Equity					
Share capital	27	-	-	-	-
Other reserves		(0.9)	(0.4)	-	-
Cash flow hedging reserve		104.7	139.2	-	-
Capital reorganisation reserve		2,320.2	2,320.2	-	-
Retained earnings		(1,365.5)	(1,310.9)	(3,264.0)	(4,000.0)
Equity attributable to owners of the company		1,058.5	1,148.1	(3,264.0)	(4,000.0)
Total equity		**1,058.5**	**1,148.1**	**(3,264.0)**	**(4,000.0)**

The loss for the year attributable to ordinary shareholder's equity dealt with in the accounts of the Parent Company is £536.0 million (2022: £2,471.8 million profit).

Approved by the board on 31 May 2023 and signed on its behalf by:

Nick Maddock
....
N W Maddock
Director

Viridor Energy (Investments One) Limited

Consolidated Statement of Changes in Equity for the Year Ended 31 March 2023

	Share premium £ m	Other reserves £ m	Cash flow hedging reserve £ m	Capital reorganisation reserve £ m	Retained earnings £ m	Total £ m
At 1 April 2021	-	-	(11.6)	(985.8)	(101.0)	(1,098.4)
Loss for the year	-	-	-	-	(116.3)	(116.3)
Other comprehensive Loss	-	-	(127.6)	-	-	(127.6)
Total comprehensive Loss	-	-	(127.6)	-	(116.3)	(243.9)
Dividends	-	-	-	-	(2,471.8)	(2,471.8)
New share capital subscribed	4,000.0	-	-	-	-	4,000.0
Share premium reduction	(4,000.0)	-	-	-	4,000.0	-
Share based payment transactions	-	0.4	-	-	-	0.4
Capital reorganisation movement in equity	-	-	-	(1,334.4)	-	(1,334.4)
At 31 March 2022	**-**	**0.4**	**(139.2)**	**(2,320.2)**	**1,310.9**	**(1,148.1)**

	Share premium £ m	Other reserves £ m	Cash flow hedging reserve £ m	Capital reorganisation reserve £ m	Retained earnings £ m	Total £ m
At 1 April 2022	-	0.4	(139.2)	(2,320.2)	1,310.9	(1,148.1)
Profit for the year	-	-	-	-	254.6	254.6
Other comprehensive Income	-	-	34.5	-	-	34.5
Total comprehensive Income	-	-	34.5	-	254.6	289.1
Dividends	-	-	-	-	(200.0)	(200.0)
Share based payment transactions	-	0.5	-	-	-	0.5
At 31 March 2023	**-**	**0.9**	**(104.7)**	**(2,320.2)**	**1,365.5**	**(1,058.5)**

Included in the movement in other comprehensive income in the cash flow hedging reserve are losses reclassified to the income statement of £4.5m (2022: gains of £0.1m) and fair value gains of £50.5m (2022: losses of £171.2m).

The Capital reorganisation reserve reflects equity transactions that arose through the separation of this Group from the wider Viridor Limited Group.

Company Statement of Changes in Equity for the Year Ended 31 March 2023

	Share premium £ m	Retained earnings £ m	Total £ m
Profit for the year	-	2,471.8	2,471.8
Total comprehensive income	-	2,471.8	2,471.8
Dividends	-	(2,471.8)	(2,471.8)
New share capital subscribed	4,000.0	-	4,000.0
Share premium reduction	(4,000.0)	4,000.0	-
At 31 March 2022	**-**	**4,000.0**	**4,000.0**

	Share premium £ m	Retained earnings £ m	Total £ m
At 1 April 2022	-	4,000.0	4,000.0
Loss for the year	-	(536.0)	(536.0)
Total comprehensive income	-	(536.0)	(536.0)
Dividends	-	(200.0)	(200.0)
At 31 March 2023	**-**	**3,264.0**	**3,264.0**

Viridor Energy (Investments One) Limited

Consolidated Statement of Cash Flows for the Year Ended 31 March 2023

	Note	Group 2023 £ m	Group 2022 £ m	Company 2023 £ m	Company 2022 £ m
Cash flows from operating activities					
Profit/(loss) for the year		254.6	(116.3)	(536.0)	2,471.8
Adjustments to cash flows from non-cash items:					
Depreciation and amortisation		44.8	60.6	-	-
Impairment of non-current assets		12.0	-	736.0	-
Profit on disposal of property plant and equipment		(0.1)	-	-	-
Trade receivables impairment charge/(credit)		0.1	0.8	-	-
Finance income	8	(36.5)	(21.0)	-	-
Finance costs	8	78.5	284.3	-	-
Share of profit or loss of equity accounted investees		(16.5)	(6.9)	-	-
Income tax expense	9	16.8	19.5	-	-
Dividends received		-	-	(200.0)	(2,471.8)
Share based payments transactions		0.5	-	-	-
		354.2	**221.0**	-	-
Working capital adjustments:					
Increase in inventories		(4.6)	(4.3)	-	-
Decrease/(increase) in trade and other receivables		9.4	(25.6)	-	-
Decrease in trade and other payables		(17.1)	(5.2)	-	-
Increase in provisions		-	2.1	-	-
(Payment of)/proceeds from derivatives settlement		(82.7)	15.0	-	-
Cash generated from operations		**259.2**	**203.0**	-	-
Income taxes paid		(50.8)	-	-	-
Net cash flow from operating activities		**208.4**	**203.0**	-	-
Cash flows from investing activities					
Interest received		1.6	17.7	-	-
Dividends received		17.0	7.0	200.0	2,471.8
Acquisitions of property plant and equipment		(26.9)	(24.9)	-	-
Proceeds from sale of property plant and equipment		0.1	25.8	-	-
Acquisition of intangible assets		(0.7)	(7.4)	-	-
Cash receipts from repayment of loans, classified as investing activities		-	141.7	-	-
Repayment of loans by joint ventures		16.3	-	-	-
Net cash flows from investing activities		7.4	159.9	200.0	2,471.8
Cash flows from financing activities					
Interest paid		(79.5)	(124.4)	-	-
Proceeds from issue of ordinary shares		-	4,000.0	-	-
Proceeds from bank borrowing draw downs		75.0	2,485.0	-	-
Repayment of bank borrowing		(53.5)	(21.1)	-	-
Repayment of other borrowing		-	(4,123.2)	-	-
Proceeds from derivatives settlement		8.3	1.1	-	-
Payment of principal portion of lease liabilities		(1.9)	(2.0)	-	-
Dividends paid	11	(200.0)	(2,471.8)	(200.0)	(2,471.8)
Net cash flows used in financing activities		(251.6)	(256.4)	(200.0)	(2,471.8)

The notes on pages 28 to 68 form an integral part of these financial statements.

Consolidated Statement of Cash Flows for the Year Ended 31 March 2023 (continued)

	Note	Group 2023 £ m	Group 2022 £ m	Company 2023 £ m	Company 2022 £ m
Net (decrease)/increase in cash and cash equivalents		**(35.8)**	**106.5**	-	-
Cash and cash equivalents at 1 April		124.0	17.5	-	-
Cash and cash equivalents at 31 March		**88.2**	**124.0**	-	-

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

These financial statements were authorised for issue by the board on 31 May 2023.

2 Accounting policies

Statement of compliance
The group financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB) and with those parts of the Companies Act 2006 applicable to companies reporting under IFRS.

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
These financial statements have been prepared on the historical cost accounting basis (except for fair value items, principally certain financial instruments as described in the following accounting policy notes) and in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006. A summary of the principal accounting policies is set out below, together with an explanation where changes have been made to previous policies on the adoption of new accounting standards and interpretations in the year.

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

Basis of consolidation
The Group financial statements include the results of Viridor Energy (Investments One) Limited, its subsidiaries and joint ventures.

The Group was legally formed on 16 July 2021 when the Company was incorporated. An internal Viridor Limited group restructure took place later in that year which moved all of the Energy businesses into this sub-group.

In accordance with best practice, comparative information has been presented on the basis that the Energy sub-group always existed within the wider Viridor Group.

The results of subsidiaries and joint venture undertakings are included from the date of acquisition or incorporation and excluded from the date of disposal. The results of subsidiaries are consolidated where the Group has the power to control the financial and operating policies of a subsidiary. The results of joint venture and associate undertakings are accounted for on an equity basis. Intra-group trading, loan balances and transactions are eliminated on consolidation.

The acquisition method of accounting is used to account for the purchase of subsidiaries. The excess of the value transferred to the seller in return for control of the acquired business together with the fair value of any previously held equity interest in that business over the Group's share of the fair value of the identifiable net assets is recorded as goodwill.

Once control is achieved any change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

2 Accounting policies (continued)

Going concern

At the time of the approving the financial statements the directors have a reasonable expectation that the Group and Company have adequate resources to continue in operational existence for the period until 31 March 2025 (the period of management's assessment).

When making this assessment, management considers whether the Group will be able to maintain adequate liquidity headroom above the level of its debt service obligations and to operate within the financial covenants applicable to its debt facilities which will be measured at 30 September 2023, 31 March 2024, 30 September 2024 and 31 March 2025.

As of 31 March 2023, the Group had £2.690 billion of committed borrowing facilities, of which £2.486 billion was drawn, £0.204 billion was undrawn. The maturity of these borrowings ranges between September 2027 and March 2043. These facilities have covenants associated to them and in preparing their assessment management has considered these covenants for the period until 31 March 2025.

For their assessment, management has prepared two cash flow forecasts - a base case and a downside case which cover the period to 31 March 2025. The downside case adjusts the base case for various scenarios that could result in reducing free cashflow over the period to 31 March 2025. Management has also performed a reverse stress test to identify a scenario which could exhaust available borrowing facilities or breach covenants. As a result of this analysis management do not see a risk of a material loss in revenue should such scenarios occur. A substantial proportion of Viridor's revenue is contracted revenue with Local Authorities Collected Waste (LACW) and Tier 1 Commercial and Industrial (C&I) customers. Tier 1 relates to investment grade and low risk counterparties. Majority of these contracts are long term and with guaranteed minimum tonnage and substantial termination penalty clauses which make it financially disadvantageous to terminate unilaterally, therefore management consider the risk of a loss of revenue from the termination of key contracts as being low. Management has also considered the risk of insolvency of a major customer and a prolonged ERF outage and the impact of these scenarios on revenue. The analysis demonstrates there is expected to be sufficient cash to continue as a going concern should such events occur.

The base case and the downside case have headroom against debt service obligations and the analysis shows the risk of a breach of covenants is remote. The reverse stress tests demonstrates that all negative events considered would need to occur concurrently for two consecutive years to impact the Group's covenant compliance, management consider that the likelihood of this scenario is remote and improbable.

Therefore, the directors are confident in the ongoing resilience of the Group, and its ability to continue in operation and meet its commitments as they fall due over the going concern period. Accordingly, the directors adopt the going concern basis in preparing the financial statements.

Changes in accounting policy

New standards, interpretations and amendments effective

New standards or interpretations which were mandatory for the first time in the year beginning 1 April 2022 did not have a material impact on the net assets or results of the Group. New standards or interpretations due to be adopted from 1 April 2023 are not expected to have a material impact on the Group's net assets or results.

2 Accounting policies (continued)

Revenue recognition

Recognition

Group 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 Group 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 Group 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 revenue arising from transactions between Group companies.

Energy sales

The Group receives revenue from the sale of electricity from Energy Recovery Facilities. Revenue from the sale of electricity from the Group'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 fees, revenue is recognised at the time the service is provided.

The Group 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 energy recovery facilities and multi service contracts including 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 Group's operational assets, is recognised as customer waste is deposited and is based on tonnage received.

The 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 Group 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.

Where the Group has entered into service concession arrangements it accounts for these contracts in accordance with IFRIC 12. Consideration is treated as contract assets or other intangible assets, depending upon the right to receive cash from the asset. Consideration is split between construction of assets, operation of the service and provision of finance recognised as interest receivable.

2 Accounting policies (continued)

Revenue in respect of construction services is recognised over time and based on the fair value of work performed, with reference to the total sales value and the stage of completion of those services, as this best reflects the manner in which control passes to the customer. While construction is in progress, the consideration is disclosed as a contract asset within non-current financial assets. On entry into operational service, in accordance with IFRIC 12, the contract asset is reclassified as costs recoverable from construction activities and disclosed within:

- other intangible assets (when the concession grantor has not provided a contractual guarantee in respect of the recoverable amount regardless of the service use by customers).
- other non-current financial assets (when the concession grantor contractually guarantees the payment of amounts determined in the contract or the shortfall, if any, between amounts received from users of the public service and amounts specified or determined in the contract).

No payments are received during the construction phase.

In respect of operating services, revenue is recognised over time in line with delivery of operational services in accordance with the contract with the local authority.

Once the operational phase commences, the Group has a right to receive consideration for the construction and operational services delivered. Invoicing typically occurs monthly and payments are due by the end of the month following date of invoice.

Recyclate

The Group 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 Group'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 the month following invoice date. This is the point legal title (i.e. control) passes to the customer and revenue is recognised.

Non-Monetary Government Grants

Viridor receives non-monetary government grants as a result of its business activities, in the form of Renewable Obligation Certificates (ROCs) and Renewable Energy Guarantee of Origin (REGOs). These assets are recognised within inventory at nominal value. These assets are traded within the ordinary course of business and are recognised within inventory at nominal value. Income generated from the sale to third parties are recognised within revenue when transferred to the customer.

Contract assets and liabilities

A trade receivable is recognised when the Group has an unconditional right to receive consideration in exchange for performance obligations already fulfilled. A contract asset is recognised when the Group has fulfilled some of its performance obligations but has not yet obtained an unconditional right to receive consideration, such as during the construction phase of a service concession agreement, as described above.

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

Foreign currency transactions and balances

Transactions in foreign currencies are initially recorded at the functional currency rate prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated into the respective functional currency of the entity at the rates prevailing on the reporting period date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the initial transaction dates.

Non-monetary items measured in terms of historical cost in a foreign currency are not retranslated.

2 Accounting policies (continued)

Other intangible assets

An intangible asset is recognised in respect of service concession contracts to the extent that future amounts to be received are not contractually guaranteed. The asset is amortised on a straight line basis over the length of the contract and assessed for impairment whenever there is an indication that the asset may be impaired.

Other intangible assets acquired in a business combination are capitalised at fair value at the date of acquisition. Following initial recognition, finite life intangible assets are amortised on a straight-line basis over their estimated useful economic lives, with the expense taken to the income statement.

An intangible asset is derecognised upon disposal (i.e. at the date the recipient obtains control) or when no future economic benefits are expected from its use or disposal. Any gain or loss arising upon derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit or loss).

Amortisation rates used are between 5% and 10% per annum.

Property, plant and equipment

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

Depreciation

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

Asset class	**Depreciation method and rate**
Freehold buildings	30-50 years
Energy recovery facilities	25-40 years
Short-term leasehold land and buildings	The shorter of their estimated useful economic lives or the finance lease period.
Fixed and mobile plant, vehicles and computers	3-10 years
Assets classified as construction in progress	Not depreciated until commissioned

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

Asset lives and residual values are reviewed annually.

An item of property, plant and equipment is derecognised upon disposal (i.e. at the date the recipient obtains control) or when no future economic benefits are expected from its use or disposal. Any gain arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the income statement in other operating expenses.

2 Accounting policies (continued)

Leased assets

The Group 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.
the costs of which are charged to the income statement in the period to which they relate.

Right-of-use assets

The Group 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 Group 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.

If a lease liability is terminated or novated to a third party the related right-of-use asset is derecognised. Any gain or loss on derecognition of the asset (calculated as the difference between the net disposal proceeds, the carrying amount of the asset and the present value of the lease liability) is included in the income statement in other operating expenses.

Lease liabilities

At the commencement date of the lease, the Group 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 Group and payments of penalties for terminating the lease, if the lease term reflects the Group 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. In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date, because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g. changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

Impairment of non-financial assets

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

Assets subject to amortisation or depreciation 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 an 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 inflows (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.

Where a previously impaired asset or cash generating unit's recoverable amount is in excess of its carrying amount, previous impairments are reversed to the carrying value that would have expected to be recognised had the original impairment not occurred.

2 Accounting policies (continued)

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

Investment in joint ventures
Joint ventures are entities over which the Group exercises joint control. Investments in joint ventures are accounted for using the equity method of accounting. Any excess of the cost of acquisition over the Group's share of the fair values of the identifiable net assets/liabilities of the joint venture at the date of acquisition is recognised as goodwill and is included in the carrying value of the investment in the joint venture.

The carrying value of the Group's investment is adjusted for the Group's share of post-acquisition post-tax profits or losses recognised in the income statement and statement of comprehensive income. Losses of a joint venture in excess of the Group's interest are not recognised unless the Group has a legal or constructive obligation to fund those losses.

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. A perpetual inventory system is used to calculate the weighted average costs. Net realisable value is the estimated selling price less cost to sell.

Non-Monetary Government Grants: Viridor receives non-monetary government grants as a result of its business activities, in the form of Renewable Obligation Certificates (ROCs) and Renewable Energy Guarantee of Origin (REGOs). Viridor receives non-monetary government grants as a result of its business activities, in the form of Renewable Obligation Certificates (ROCs) and Renewable Energy Guarantee of Origin (REGOs). These assets are recognised within inventory at nominal value. These assets are traded within the ordinary course of business and are recognised within inventory at nominal value. Income generated from the sale to third parties are recognised within revenue when transferred to the customer.

Cash and cash equivalents
Cash and short-term deposits in the statement of financial position comprise cash at banks and on hand and short-term highly liquid deposits with a maturity of three months or less, that are readily convertible to a known amount of cash and subject to an insignificant risk of changes in value.

Derivatives and other financial instruments
Financial instruments are recognised and measured in accordance with IFRS 9.

The Group classifies its financial instruments in the following categories:

Debt instruments at amortised cost

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 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 Group has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

Trade receivables

Trade receivables do not carry any interest receivable and are recognised initially at fair value and subsequently at amortised cost using the effective interest method, less provision for expected credit losses (ECLs). Each Group entity performs an impairment analysis at each reporting date to measure the ECLs. Each entity does not track changes in credit risk but instead recognises a loss allowance based on lifetime ECLs at each reporting date. Each subsidiary has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the receivables and the economic environment.

2 Accounting policies (continued)

Trade payables

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

Financial assets arising from service concession arrangements

Where the provision of waste management services is performed through a contract with a public sector entity which controls a significant residual interest in asset infrastructure at the end of the contract, then consideration is treated as contract receivables, split between income from the construction of assets, operation of the service and the provision of finance which is recognised in notional interest within finance income.

Derivative financial instruments and hedging activities

The Group uses derivative financial instruments, principally RPI swaps and interest rate swaps to hedge cash flow risks associated with components of long-term contractual terms linked to a quoted index. The group also uses energy swaps to hedge cash flow risks associated with forecast transactions with a clearly defined market price risk. Derivative instruments are initially recognised at fair value on the date the derivative contract is entered into and subsequently re-measured at fair value for the reported balance sheet.

The Group also uses intra-group hedging arrangements to pass the risks and rewards of the relevant hedges from Viridor Energy (Investments One) Limited to the relevant subsidiaries.

The Group generally designates its hedging derivatives as cash flow hedges due to there being a highly probable forecast transaction or change in the cash flows of a recognised asset or liability. The exception being energy swaps.

The gain or loss on remeasurement is recognised in the income statement except for cash flow hedges which meet the conditions for hedge accounting, when the portion of the gain or loss on the hedging instrument which is determined to be effective is recognised in other comprehensive income and the ineffective portion in the income statement. The gains or losses deferred in equity in this way are subsequently recognised in the income statement in the same period in which the hedged underlying transaction or firm commitment is recognised in the income statement.

In order to qualify for hedge accounting the Group is required to document, in advance, the relationship between the item being hedged and the hedging instrument. The Group is also required to document and demonstrate an assessment of the relationship between the hedged item and the hedging instrument which shows that the hedge will be highly effective on an ongoing basis. This effectiveness testing is re-performed at the end of each reporting period to ensure that the hedge remains highly effective.

The full fair value of a hedging derivative is classified as a non-current asset or liability when the remaining maturity of the hedged item is more than one year and as a current asset or liability when the remaining maturity of the hedged item is less than one year. Derivative financial instruments which do not qualify for hedge accounting are classified as a current asset or liability with any change in fair value recognised immediately in the income statement.

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.

Borrowings

All borrowings are initially recorded at the amount of proceeds received, net of transaction costs. Borrowings are subsequently carried at amortised cost, with the difference between the proceeds, net of transaction costs, and the amount due on redemption being recognised as a charge to the income statement over the period of the relevant borrowing.

Interest expense is recognised on the basis of the effective interest method and is included in finance costs.

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

2 Accounting policies (continued)

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 group 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 consolidated financial statements and on unused tax losses or tax credits in the group. 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.

All deferred tax assets and liabilities within the same jurisdiction are offset.

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 expenditures expected to be required to settle obligations. The unwinding of the discount to present value is included as a financial item within finance costs where applicable.

Share capital

Ordinary shares are classified as equity.

Dividends

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

Defined contribution pension obligation

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

Share based payments

Certain employees of the Group receive shares in the capital of Planets Topco Limited (an indirect parent company of this Group). The fair value of the employee services required in exchange for the grant is recognised as an expense over the vesting period of the grant. Fair values are calculated using an appropriate pricing model. The grant dates fair value of the awards are not remeasured once established. The cumulative fair value of the award is recognised over the vesting period in a share based payment reserve.

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 best estimate of future contractual cash flows at the current market interest rate available to the Group for similar financial instruments.

Non-underlying items

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

3 Financial risk review

Group
The financial risk management policies reflect conditions that existed through and at the year ending 31 March 2023.

Financial risk factors
The Group's activities expose it to a number of financial risks: liquidity risk, market risk (including interest rate risk, inflation risk, and energy price risk), and credit risk. Details of the nature of each of these risks along with the steps the Group has taken to manage them is described below.

The Group's treasury function seeks to ensure that sufficient funding is available to meet foreseeable needs and to maintain reasonable headroom for contingencies and manages financial risks.

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

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

Market risk

Market risk relates to fluctuations in external market variables such as interest rates, inflation and exchange rates that affect the Group's income or the value of the financial instruments that it holds.

Of the Group's interest-bearing financial liabilities at the year-end, 94% were at fixed rates after the impact of financial derivatives designed to manage the risk of fluctuating interest rates impacting the financial performance of the Group.

The Group has long term contracts with customers for the processing of waste, and some of the prices are linked to the RPI index. The group has entered into RPI swap contracts which effectively fix RPI on 100% of forecast contractual RPI-linked revenue from local authority customers until 2036 and 85% until 2043. RPI swap contracts effectively fix RPI on between 63%-93% of forecast contractual RPI-linked revenue from all customers over the same period.

The Group's primary exposure to exchange rates arises from contractual commitments to incur expenditure in Euros, primarily in relation to major capital projects. The group uses a combination of Euro cash deposits to manage this risk. There was no material net exposure at the year-end.

Liquidity risk

The Group maintains facilities that are designed to ensure 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. Prior to the payment of dividends in year ended 31 March 2023, a financial covenant was assessed with resulting headroom.

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. Additional covenants limit the Group's ability to enter into certain transactions, including placing limits on its ability to pay dividends. The Group has complied with these covenants throughout the financial year.

3 Financial risk review (continued)

The Group was refinanced in the prior year, by £2,485m of external borrowings. During the year, additional financing of £75m was secured.

The debt is structured into 3 tranches. Each tranche ranks equally in the security package which, along with the revolving credit facility and derivative contracts, is secured over the majority of the assets of the Group.

Facility A, issued by Viridor Energy (Investments Two) Limited (a subsidiary of Viridor Energy (Investments One) Limited) and totalling £780.0m, forms an amortising debt, with the final payment due on 1 December 2033. It has an interest rate which is initially SONIA+1.60%, increasing to SONIA+1.70% in 2024 and to SONIA+1.80% in 2028.

Facility B, issued by Viridor Energy (Investments Two) Limited and totalling £120.0m, has a single repayment due on 18 September 2027. It has a fixed interest rate of 2.703%.

Private Placement Notes, issued by Viridor Energy Group Limited (a subsidiary of Viridor Energy (Investments One) Limited) and listed in Jersey, totalling £1,585.0m form an amortising debt, with the final payment due on 31 March 2043. The amortisation profile is designed to maintain a forecast debt service coverage ratio when combined with the debts above. It has a fixed interest rate of 2.90%.

During the year a Term Loan, issued by Viridor Energy (Investments Two) Limited (a subsidiary of Viridor Energy (Investments One) Limited) and totalling £75.0m, was agreed. This has a single repayment due on 17 March 2028. It has an interest rate of SONIA+1.40%.

The Group also has a general purpose revolving credit facility of £65.0m intended to support liquidity and a further debt service reserve facility of £65.0m which is a dedicated revolving credit facility that can only be used to meet its debt service payment obligations. These facilities expire on 1 December 2026. No balances were drawn at 31 March 2023. Drawn facilities bear interest at SONIA+1.25%.

Maturity analysis for financial liabilities and financial assets
Contractual undiscounted cash flows, including interest payments, at the balance sheet date were:

Group

2023 Non-derivative liabilities	Less than 1 year £ m	1-5 years £ m	More than 5 years £ m	Total £ m
Borrowings excluding lease liabilities	70.6	511.9	1,903.0	2,485.5
Interest payments on borrowings	95.9	320.7	486.5	903.1
Lease liabilities including interest	1.7	4.1	33.7	39.5

2022 Non-derivative liabilities	Less than 1 year £ m	1-5 years £ m	More than 5 years £ m	Total £ m
Borrowings excluding lease liabilities	53.5	307.9	2,102.5	2,463.9
Interest payments on borrowings	77.2	304.9	533.1	915.2
Lease liabilities including interest	1.6	3.3	33.7	38.6

3 Financial risk review (continued)

Credit risk

Credit and counterparty risk arises from cash and cash deposits and deposits with bank and financial institutions, as well as exposure to customers, including outstanding receivables. Further information on the credit risk relating to trade receivables is given in note 21.

Counterparty risk arises from the investment of surplus funds and from the use of derivative financial instruments. The Group follows a policy for managing such risk which is controlled through credit limits, counterparty approvals and rigorous monitoring procedures.

The Group has no other significant concentration of credit risk. The Group's surplus funds are managed by the 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.

Commodity risk

The Group is exposed to availability and price fluctuations in the recyclate markets in which it operates. The Group mitigates this risk with a combination of long-term contracts with local authorities, which secures substantial amounts of recyclate materials and by extensive cost control and continual efficiency management programmes at its recycling plants.

Energy price risk

The Group is exposed to price fluctuations in the energy supply market. It seeks to mitigate this risk with a combination of forward sale contracts, supported by energy derivatives, in line with a Board approved policy. Due to the complex interactions between these different contracts the Group has not designated the energy derivatives as hedging instruments for accounting purposes.

Determination of fair values

The fair value of financial assets and liabilities represents the price that would be received to sell an asset or paid to transfer a liability between informed and willing parties, other than in a forced or liquidation sale at the measurement date. The techniques for determining the fair value of financial instruments are classified under the hierarchy defined in IFRS 13 Fair Value Measurement which categorises inputs to valuation techniques into levels one to three based on the degree to which fair value is observable. The Group's financial instruments are valued using level two measures, as analysed in note 16.

The fair value of derivative financial instruments, including interest rate swaps and index-linked swaps, are measured using discounted cash flows. The future cash flows are estimated based on observable forward interest rates and discounts at a rate that reflects the credit risk of the Group and counterparties. Currency cash flows are translated as spot rate.

The carrying values less expected credit losses of the Group's trade and other receivables, lease liabilities, cash and cash equivalents, short term investments, trade and other payables are considered to be approximate to their fair values. The fair value of financial liabilities is estimated by discounting the future contractual cash flows at the current market interest rates available to the Group for similar financial instruments.

The carrying values less expected credit losses of trade receivables and payables are assumed to approximate to their fair values. The fair value of financial liabilities is estimated by discounting the future contractual cash flows at the current market interest rate available to the Group for similar financial instruments.

4 Critical accounting judgements and key sources of estimation uncertainty

The Group's principal accounting policies are set out in note 2. Management is required to exercise significant judgment and make use of estimates and assumptions in the application of these policies. Estimates are based on factors including historical experience and expectations of future events that management believe to be reasonable. However, given the judgemental nature of such estimates, actual results could be different from the assumptions used.

Taxation
The Group's current tax provision is a £13.5 million payable (2022: £41.60 million payable).

The Group continues to have a small number of ongoing uncertain tax positions. These relate primarily to the interpretation of tax legislation regarding the treatment of intangible assets arising from accounting for certain of its Energy Recovery Facilities ("ERFs") under IFRIC 12. This is part of the normal course of business and the Group estimates there would be a current tax charge including interest of £25.4m (2022: £8.2m) payable should these issues be concluded in HMRC's favour. This has been provided as at 31 March 2023.

During the year ended 31 March 2023 a number of the Group's ERF enquiries have been closed without adjustment, leaving only the enquiry into Viridor (Glasgow) Limited. The Group is continuing to work towards a resolution to these matters with HMRC.

A further provision of £0.6m (2022: £nil) including interest has also been made in respect of historic corporation tax payments which had previously been misallocated in HMRC's COTAX system to entities which no longer form part of the Group. The Group is working with the new owners of the entities in question to reallocate these amounts in HMRC's systems in order to clear the outstanding liabilities of the Group in HMRC's records.

Service concession arrangements
Consideration from public sector entities for the operation of waste management service concessions is treated as contract receivables or other intangible assets, depending on the right to receive cash from the asset. At the balance sheet date there were contract receivables of £237.0 million (2022: £233.7 million) and other intangible assets of £28.5 million (2022: £41.8 million) in relation to its service concession arrangements.

Consideration relating to contract receivables is split between profit on the construction of assets, operation of the service and provision of finance recognised as interest receivable. Management's judgement is used in the allocation between these three elements, this assessment reflects external market conditions according to the type of service provided and project specific cash flow expectations.

Non-underlying items
In establishing which items are disclosed separately as non-underlying, to enable a full understanding of the Group's financial performance, the Directors exercise their judgement in assessing the size, nature or incidence of specific items. See Note 5 for further details.

Impairment of intangible assets
The Group tests intangible assets for impairment (or impairment reversal) for its cash generating units (CGUs) if there are any indications that an impairment may have arisen (or an impairment reversal is required). In particular, the Glasgow CGU as impaired in the year ended 31 March 2021, and given the increase in operating costs as a result of macroeconomic trends, a further impairment test has been performed in the current year. The recoverable amount of the Glasgow CGU has been ssessed using a value in use methodology, and the results of this test identified an impairment of £12 million (2022: £nil). Further information is provided in note 13.

5 Non-underlying items

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

Operating costs	Note	2023 £ m	2022 £ m
Operating profit/(loss)		-	-
Deferred tax change in rate	9	-	(33.4)
Discontinued activities			
Net non-underlying charge		**-**	**(33.4)**

6 Revenue and operating costs

The grouping of revenue streams, analysed by different types of revenue streams geographically, is as follows:

31 March 2023	UK £ m	Total £ m
Waste management services	358.0	358.0
Energy	230.5	230.5
Recyclate	11.3	11.3
	599.8	**599.8**

31 March 2022	UK £ m	Total £ m
Waste management services	351.5	351.5
Energy	106.6	106.6
Recyclate	12.1	12.1
	470.2	**470.2**

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

6 Revenue and operating costs (continued)

Operating costs (before non-underlying items)

	Note	2023 £ m	2022 £ m
Employment costs	12	31.9	35.3
Raw materials and consumables used		92.7	86.7
Other operating costs			
Loss on disposal of property. plant and equipment		(0.1)	-
Short-term and low value lease rentals payable		2.1	3.0
Trade receivables charge/(credit)		0.1	0.8
Hired and contracted services		59.6	58.8
Other external charges		59.8	65.4
		121.5	128.0
Depreciation of property, plant and equipment		43.0	58.8
Amortisation and impairment of intangible assets		13.8	1.8

7 Auditor's remuneration

	2023 £ m	2022 £ m
Audit of these financial statements	0.6	0.6

8 Finance income and costs

	Note	2023 £ m	2022 £ m
Finance income			
Interest income on bank deposits		0.7	-
Gain on derivatives at fair value through profit or loss		18.3	-
Interest income on loans to related parties	30	4.0	7.7
Interest receivable on service concession arrangements		13.5	13.3
Total finance income		36.5	21.0
Finance costs			
Interest on external borrowings		(74.3)	(27.9)
Interest element of lease rentals		(1.6)	(1.7)
Loss on derivatives at fair value through profit or loss		(2.5)	(191.4)
Other finance costs		(0.1)	-
Interest expense on loans from related parties	30	-	(63.3)
Total finance costs		(78.5)	(284.3)
Net finance costs		**(42.0)**	**(263.3)**

9 Income tax

Tax charged/(credited) in the income statement

	Before non-underlying items 2023 £ m	Non-underlying items (Note 5) 2023 £ m	Total 2023 £ m	Before non-underlying items 2022 £ m	Non-underlying items (Note 5) 2022 £ m	Total 2022 £ m
Current taxation						
UK corporation tax	23.5	-	23.5	36.9	-	36.9
Deferred taxation						
Deferred tax	(6.7)	-	(6.7)	(50.8)	33.4	(17.4)
Tax charge/(credit) in the income statement	**16.8**	**-**	**16.8**	**(13.9)**	**33.4**	**19.5**

As announced in the Chancellor's Budget on 4 March 2021, the headline rate of corporation tax in the UK increased from 1 April 2023 to 25%. This change was substantively enacted on 24 May 2021, following the third reading in the House of Commons. The effect of the change in rate resulted in an increase to the deferred tax liability, at 31 March 2022, of £28.2 million. A total of £33.4 million was charged to the income statement. This has been recorded as a non-underlying item in the income statement due to its size.

The tax on profit before tax for the year is the same as the standard rate of corporation tax in the UK (2022 - the same as the standard rate of corporation tax in the UK) of 19% (2022 - 19%).
The differences are reconciled below:

	2023 £ m	2022 £ m
Profit/(loss) before tax	**271.4**	**(96.8)**
Corporation tax at standard rate	51.6	(18.4)
Increase from effect of capital allowances depreciation	2.0	1.5
Decrease in current tax from adjustments to prior periods	(5.2)	(8.2)
Increase from effects of expenses not deductible in determining taxable profit	0.2	0.8
Decrease from effects of joint-venture results reported net of tax	(3.1)	(1.3)
Deferred tax (credit)/charge relating to changes in tax rates or laws	(14.5)	33.4
(Recognition)/Derecognition of deferred tax assets	(7.9)	12.3
Other tax effects for reconciliation between accounting profit and tax charge	-	(0.6)
Movement in uncertain tax positions	(6.3)	-
Total tax charge	**16.8**	**19.5**

The average total effective rate for the year before non-underlying items is 6.2% (2022: -20.2%).

In addition to the amounts recognised in the income statement the following tax charges and credits were also recognised:

	2023			2022		
	Before tax £ m	Tax charge £ m	Net of tax £ m	Before tax £ m	Tax credit £ m	Net of tax £ m
Amounts recognised directly in other comprehensive income						
Gain or loss on cash flow hedges	**46.1**	**(11.6)**	**34.5**	**(171.1)**	**43.5**	**(127.6)**

9 Income tax (continued)

Deferred tax

Group

Deferred tax assets and liabilities

Deferred tax is provided in full on temporary differences under the liability method using enacted tax rates. Deferred tax assets have been recognised in respect of all temporary differences giving rise to deferred tax assets because its probable that these assets will be recovered. The majority of the deferred tax is expected to be recovered over more than one year. All deferred tax assets within the same jurisdiction are offset.

Deferred tax movement during the year:

	At 1 April 2022 £ m	Income statement £ m	Income statement non-underlying £ m	Other comprehensive income £ m	Equity £ m	At 31 March 2023 £ m
Revenue on service concession arrangements	(44.8)	(0.6)	-	-	-	(45.4)
Accelerated tax depreciation	(105.0)	(15.4)	-	-	-	(120.4)
Provisions	0.1	(0.1)	-	-	-	-
Derivatives	81.1	(5.0)	-	(11.6)	-	64.5
Tax losses carry-forwards	18.3	3.9	-	-	-	22.2
Other items	-	0.8	-	-	-	0.8
Corporate interest restriction	-	23.1	-	-	-	23.1
Net tax assets/(liabilities)	**(50.3)**	**6.7**	**-**	**(11.6)**	**-**	**(55.2)**

Deferred tax movement during the prior year:

	At 1 April 2021 £ m	Income statement £ m	Income statement non-underlying £ m	Other comprehensive income £ m	Equity £ m	At 31 March 2022 £ m
Revenue on service concession arrangements	(35.4)	1.7	(11.1)	-	-	(44.8)
Accelerated tax depreciation	(84.7)	6.6	(26.2)	-	(0.7)	(105.0)
Provisions	0.1	-	-	-	-	0.1
Derivatives	2.9	34.1	0.5	43.5	-	81.1
Tax losses carry-forwards	6.5	8.4	3.4	-	-	18.3
Other items	-	-	-	-	-	-
Corporate interest restriction	-	-	-	-	-	-
Net tax assets/(liabilities)	**(110.6)**	**50.8**	**(33.4)**	**43.5**	**(0.7)**	**(50.3)**

As part of a Viridor Limited Group restructure, the Group disposed of certain assets to/from other Viridor Group subsidiaries, along with the associated deferred tax balance. These deferred tax balances were recognised through equity.

10 Profit of the parent company

	2023 £ m	2022 £ m
(Loss)/profit attributable to owners of the parent dealt with in the financial statements of Viridor Energy (Investments One) Limited	**(536.0)**	**2,471.8**

As permitted by Section 408 of the Companies Act 2006 no income statement or statement of comprehensive income is presented for the Company.

11 Dividends

Dividends paid refer to both Group and Company

	Group 2023 £ m	 2022 £ m
£66,666,666.0 per share was paid for the year ended 31 March 2023 (2022: £823,923,736.0 per share)	200.0	2,471.8
Total Dividends	**200.0**	**2,471.8**

12 Employment costs (before non-underlying items)

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

	2023 £ m	2022 £ m
Wages and salaries	27.7	29.1
Social security costs	3.1	3.7
Pension costs, defined contribution scheme	1.1	2.5
	31.9	**35.3**
Charged as follows:		
Employment costs	**31.9**	**35.3**

Details of transactions with key management personnel are set out in note 30.

The monthly average number of persons employed by the group (including directors and senior management) during the year, analysed by category was as follows:

	2023 No.	2022 No.
Operations	497	552
Administration and support	29	90
	526	**642**

13 Other intangible assets

Group

	Service concession arrangements £ m	Other intangible assets in progress £ m	Total £ m
Cost			
At 1 April 2021	98.7	3.1	101.8
Additions	0.6	6.7	7.3
Disposals	-	(9.8)	(9.8)
At 31 March 2022	99.3	-	99.3
At 1 April 2022	99.3	-	99.3
Additions	0.6	0.2	0.8
At 31 March 2023	99.9	0.2	100.1
Amortisation			
At 1 April 2021	55.7	-	55.7
Amortisation charge	1.8	-	1.8
At 31 March 2022	57.5	-	57.5
At 1 April 2022	57.5	-	57.5
Amortisation charge	1.9	-	1.9
Impairment (note 4)	12.0	-	12.0
At 31 March 2023	71.4	-	71.4
Carrying amount			
At 31 March 2023	**28.5**	**0.2**	**28.7**
At 31 March 2022	**41.8**	**-**	**41.8**
At 1 April 2021	**43.0**	**3.1**	**46.1**

Service concession arrangements are amortised over the useful life of each contract. The weighted average remaining life is 21 years (2022: 22 years). The carrying values of intangible assets are reviewed when events or changes in circumstance indicate that the carrying amount may not be fully recoverable.

13 Other intangible assets (continued)

Other intangibles in progress relate to internally developed software. During 2022, as part of an internal Viridor Group restructure all central overhead assets within this Group, including the software project were transferred to another wholly owned subsidiary of Viridor Limited at net book value.

The recoverable amount of the service concession arrangement within the Glasgow CGU has been determined based on a value in use calculation using cash flow projections for the length of the operating contract. The projected cash flows for the Glasgow CGU have been updated to reflect the challenges resulting from operational ramp up and increased operational costs. The pre-tax discount rate applied to cash flow projections is 6.2% (2022: 6.3%) and cash flows beyond the review period are extrapolated using an appropriate inflation curve. As a result of this analysis, management has recognised an impairment charge of £12.0m in the current year against the service concession arrangement intangible relating to the Glasgow CGU leaving a carrying amount of £28.4m (2022: £40.4m). As an impairment loss has been recognised in the current year the recoverable amount is equal to its carrying value at the year end and therefore any negative changes in key assumptions would result in an additional impairment loss.

The calculation of value in use is most sensitive to the following assumptions: plant availability, export capacities of the *Advance Conversion Facility (ACF) and Anaerobic Digestor (AD) and discount rates. Discount rates represent the current* market assessment of the risks specific to each CGU, taking into consideration the time value of money and individual risks of the underlying assets that have not been incorporated in the cash flow estimates. The discount rate calculation is based on the specific circumstances of the Group and its operating segments and is derived from its weighted average cost of capital (WACC). Segment-specific risk is incorporated by applying individual beta factors. The beta factors are evaluated annually based on publicly available market data. Adjustments to the discount rate are made to factor in the specific amount and timing of the future tax flows in order to reflect a pre-tax discount rate.

14 Property, plant and equipment

There was no property, plant and equipment held by the Company during the year.

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

Group

	Land and buildings £ m	Fixed and mobile plant, vehicles and computers £ m	Assets under construction £ m	Total £ m
Cost				
At 1 April 2021	17.2	1,337.9	59.6	1,414.7
Additions	0.1	-	26.5	26.6
Disposals	-	(34.1)	(7.2)	(41.3)
Transfers/reclassifications	-	76.6	(76.6)	-
At 31 March 2022	17.3	1,380.4	2.3	1,400.0
At 1 April 2022	17.3	1,380.4	2.3	1,400.0
Additions	0.1	-	25.7	25.8
Disposals	-	(0.9)	-	(0.9)
Transfers/reclassifications	-	23.8	(23.8)	-
At 31 March 2023	17.4	1,403.3	4.2	1,424.9
Depreciation				
At 1 April 2021	-	151.6	-	151.6
Charge for year	-	56.7	-	56.7
Eliminated on disposal	-	(23.3)	-	(23.3)
At 31 March 2022	-	185.0	-	185.0
At 1 April 2022	-	185.0	-	185.0
Charge for the year	0.1	40.6	-	40.7
Eliminated on disposal	-	(0.4)	-	(0.4)
At 31 March 2023	0.1	225.2	-	225.3
Carrying amount				
At 31 March 2023	**17.3**	**1,178.1**	**4.2**	**1,199.6**
At 31 March 2022	**17.3**	**1,195.4**	**2.3**	**1,215.0**
At 1 April 2021	**17.2**	**1,186.3**	**59.6**	**1,263.1**

15 Right of use assets

Group

	Land and buildings £ m	Fixed and mobile plant, vehicles and computers £ m	Total £ m
Cost			
At 1 April 2021	37.5	3.6	41.1
Additions	0.1	1.2	1.3
Disposals	(3.3)	(0.6)	(3.9)
At 31 March 2022	34.3	4.2	38.5
At 1 April 2022	34.3	4.2	38.5
Additions	1.8	1.1	2.9
Disposals	-	(0.1)	(0.1)
At 31 March 2023	36.1	5.2	41.3
Depreciation			
At 1 April 2021	1.1	0.8	1.9
Charge for year	0.9	1.3	2.2
Eliminated on disposal	(0.3)	(0.3)	(0.6)
At 31 March 2022	1.7	1.8	3.5
At 1 April 2022	1.7	1.8	3.5
Charge for the year	0.8	1.4	2.2
Eliminated on disposal	-	(0.1)	(0.1)
At 31 March 2023	2.5	3.1	5.6
Carrying amount			
At 31 March 2023	**33.6**	**2.1**	**35.7**
At 31 March 2022	**32.6**	**2.4**	**35.0**

The corresponding lease liabilities are disclosed in note 25.

Short-term and low value lease rentals payable are disclosed in note 6.

16 Financial instruments by category

Group

31 March 2023	Note	Fair value Derivatives used for cash flow hedging £ m	Amortised cost Debt instruments £ m	Amortised cost Trade receivables and trade payables £ m	Fair value through income statement Derivatives £ m	Total £ m
Financial assets						
Trade receivables	17, 21	-	33.4	58.3	-	91.7
Other receivables	17, 21	-	237.0	-	-	237.0
Derivative financial instruments	22	62.0	-	-	-	62.0
Cash and cash deposits	23	-	88.2	-	-	88.2
		62.0	**358.6**	**58.3**	**-**	**478.9**
Financial liabilities						
Borrowings	25	-	(2,493.1)	-	-	(2,493.1)
Trade and other payables	24	-	-	(12.5)	-	(12.5)
Derivative financial instruments	22	(254.2)	-	-	(99.0)	(353.2)
		(254.2)	**(2,493.1)**	**(12.5)**	**(99.0)**	**(2,858.8)**

31 March 2022	Note	Fair value Derivatives used for cash flow hedging £ m	Amortised cost Debt instruments £ m	Amortised cost Trade receivables and trade payables £ m	Fair value through income statement Derivatives £ m	Total £ m
Financial assets						
Trade receivables	17, 21	-	46.5	74.1	-	120.6
Other receivables	17, 21	-	233.7	-	-	233.7
Derivative financial instruments	22	32.5	-	-	-	32.5
Cash and cash deposits	23	-	124.0	-	-	124.0
		32.5	**404.2**	**74.1**	**-**	**510.8**
Financial liabilities						
Borrowings	25	-	(2,466.9)	-	-	(2,466.9)
Trade and other payables	24	-	-	(38.1)	-	(38.1)
Derivative financial instruments	22	(248.8)	-	-	(196.3)	(445.1)
		(248.8)	**(2,466.9)**	**(38.1)**	**(196.3)**	**(2,950.1)**

17 Other non-current assets

		Group	
		31 March 2023	31 March 2022
	Note	£ m	£ m
Amounts due from related parties	30	18.4	38.2
Service concession arrangements		201.5	201.0
Other prepayments and accrued income		6.5	0.1
		226.4	**239.3**

Non-current receivables were due:

	Group	
	31 March 2023	31 March 2022
	£ m	£ m
Between 1 and 2 years	44.6	43.5
Between 2 and 5 years	122.0	129.9
Over 5 years	59.8	65.9
	226.4	**239.3**

The fair values of the financial assets classified within other non-current assets above are:

	Group	
	31 March 2023	31 March 2022
	£ m	£ m
Amounts due from related parties	19.4	42.2
	19.4	**42.2**

The fair values are calculated on contractual cash flows discounted at prevailing interest rates plus an allowance to reflect an appropriate credit margin.

The weighted average interest rate on amounts owed by related parties was 12% (2022: 12%).

The Group has several service concession arrangements with local authority clients in the waste management sector to build and operate recycling assets and energy recovery facilities. During the year, all the Group's service concession arrangements were in the operational phase.

The arrangements are typically for 25 years and are for the provision of waste management services including the build and operation of recycling and energy recovery facilities. The assets revert to the local authority at the end of the contract. At 31 March 2022 the weighted average remaining duration of the service concession arrangements was 21 years. Under the arrangements, the Group maintains the recycling and energy recovery facilities (ERF) on an ongoing basis throughout the life of the agreement to ensure operational performance. The terms of the principal service concession arrangement contracts, including pricing and performance obligations are established at the outset. The service concession arrangements are subject to annual indexation to take account of inflation. However, arrangements are not subject to formal re-pricing or re-negotiation. The service concession arrangements do not contain renewal or termination options. These contracts will, as is common, contain event of default termination clauses for non-performance, but we do not consider it reasonably foreseeable that these clauses will be put into effect.

18 Investments in subsidiaries

Subsidiaries	£ m
Company	
Cost or valuation	
Additions	4,000.0
At 31 March 2022	**4,000.0**
At 1 April 2022	4,000.0
At 31 March 2023	4,000.0
Provision	
Impairment charge in the period	736.0
At 31 March 2023	736.0
Carrying amount	
At 31 March 2023	**3,264.0**

During the year, following a part sale of shares in this Group, by the Viridor Limited Group (to external parties), an impairment review of the carrying value of the company's investment in subsidiaries was triggered.

This carrying value of the investment was determined with reference to the valuation based on the Group by the external parties plus an appropriate control premium. This resulted in an impairment charge of £736m in the Company's income statement.

During the prior year, the Company acquired 100% of the share capital of Viridor Energy (Investments Two) Limited (VEI2).

18 Investments in subsidiaries (continued)

Group subsidiaries

Details of the group subsidiaries as at 31 March 2023 are as follows:

Name of subsidiary	Principal activity	Registered office	Proportion of ownership interest and voting rights held 2023	2022
Viridor Energy (Investments Two) Limited*	Financing company	England**	100%	100%
Viridor Energy Limited	Waste management activities	England**	100%	100%
Viridor Energy Group Limited	Financing company	Jersey****	100%	100%
Viridor Energy Investment Holding Plc	Dormant	England**	100%	100%
Viridor Avonmouth Waste Services Limited	Energy from waste services	England**	100%	100%
Viridor Exeter Waste Services Limited	Energy from waste services	England**	100%	100%
Viridor Dunbar Waste Services Limited	Energy from waste services	Scotland***	100%	100%
Viridor Oxfordshire Limited	Energy from waste services	England**	100%	100%
Viridor Trident Park Limited	Energy from waste services	England**	100%	100%
Viridor EfW (Runcorn) Limited	Energy from waste services	England**	100%	100%
Viridor Peterborough Limited	Energy from waste services	England**	100%	100%
Viridor (Glasgow) Limited	Energy from waste services	Scotland***	100%	100%
Viridor South London Limited	Energy from waste services	England**	100%	100%
Viridor Clyde Valley Limited	Energy from waste services	Scotland***	100%	100%
Viridor Enviroscot Limited	Dormant	Scotland***	100%	100%
Viridor Waste Atherton (Holdings) Limited	Dormant	England**	100%	100%
Viridor Waste (Atherton) Limited	Dormant	England**	100%	100%

* indicates direct investment of Viridor Energy (Investments One) Limited

** The registered address for the companies above is Viridor House, Priory Bridge Road, Taunton, Somerset, TA1 1AP except for the following:

*** The registered address for these companies is C/O Shepherd & Wedderburn Llp, 9 Haymarket Square, Edinburgh, Scotland, EH3 8FY.

**** The registered address for this company is 2nd Floor Sir Walter Raleigh House, 48-50 Esplanade, St Helier Jersey JE2 3QB

All shares in issue are ordinary shares.

19 Investments in joint ventures

	£ m
Group	
Cost	
At 1 April 2021	69.3
Share of post-tax profit	6.9
Dividends received	(7.0)
At 31 March 2022	69.2
At 1 April 2022	69.2
Share of post-tax profit	16.5
Dividends received	(17.0)
At 31 March 2023	68.7
Carrying amount	
At 31 March 2023	**68.7**
At 31 March 2022	**69.2**

Group joint ventures
Details of the group joint ventures as at 31 March 2023 are as follows:

Name of Joint-ventures	Principal activity	Country	Proportion of ownership interest and voting rights held 2023	2022
Lakeside Energy from Waste Holdings Limited	Energy recovery facilities	England	50%	50%
INEOS Runcorn (TPS) Holdings Limited	Energy recovery facilities	England	40%	40%

- **Lakeside Energy from Waste Holdings Limited**
  Share capital in issue:
  1,000,000 A Ordinary shares
  1,000,000 B Ordinary shares
  Viridor Energy Limited (an indirect subsidiary of the Group) owns 100% of the B Ordinary shares which equates to a 50% interest in the joint venture. The registered office of Lakeside Energy from Waste Holdings Limited is: Thames House, Oxford Road, Benson, Oxfordshire, OX10 6LX.
- **INEOS Runcorn (TPS) Holdings Limited**
  Share capital in issue:
  1,000 A Ordinary shares
  186,750 B1 Ordinary shares
  62,250 B2 Ordinary shares
  Viridor Energy Limited (an indirect subsidiary of the Group) owns 40% of the A Ordinary shares and 100% of the B1 Ordinary shares. The Group's economic interest is 75.0% as returns from the investment are based on holdings of B1 and B2 ordinary shares. The registered office of INEOS Runcorn (TPS) Holdings Limited is: PO Box 9, Runcorn Site Hq, South Parade, Runcorn, Cheshire, WA7 4JE.

The Group's joint ventures are all private companies and there are no quoted market prices available for their shares.

19 Investments in joint ventures (continued)

Summarised information for the Group's joint ventures:
31 March 2023

Summarised balance sheet	Lakeside Energy from Waste Holdings Limited £ m	INEOS Runcorn (TPS) Holdings Limited £ m	Total £m
Non-current assets	83.6	167.6	251.2
Current assets - Cash	18.0	12.6	30.6
Current assets - Other	12.1	11.2	23.3
Current liabilities	(2.3)	(8.8)	(11.1)
Non-current liabilities - Financial liabilities	(58.3)	(35.9)	(94.2)
Non-current liabilities - Other	(27.0)	(72.6)	(99.6)
Net assets	**26.1**	**74.1**	**100.2**
Group's economic interest in JV	50.0%	75.0%	
Group's carrying amount of investment	**13.1**	**55.6**	**68.7**

31 March 2022

Summarised balance sheet	Lakeside Energy from Waste Holdings Limited £ m	INEOS Runcorn (TPS) Holdings Limited £ m	Total £m
Non-current assets	91.6	171.3	262.9
Current assets - Cash	23.9	17.5	41.4
Current assets - Other	10.7	10.4	21.1
Current liabilities	(4.9)	(7.6)	(12.5)
Non-current liabilities - Financial liabilities	(69.9)	(52.7)	(122.6)
Non-current liabilities - Other	(34.2)	(58.1)	(92.3)
Net assets	**17.2**	**80.8**	**98.0**
Group's economic interest in JV	50.0%	75.0%	
Group's carrying amount of investment	**8.6**	**60.6**	**69.2**

Notes to the Financial Statements for the Year Ended 31 March 2023 (continued)

19 Investments in joint ventures (continued)

31 March 2023

Summarised statement of comprehensive income/(loss)	Lakeside Energy from Waste Holdings Limited £ m	INEOS Runcorn (TPS) Holdings Limited £ m
Revenue	**79.7**	**47.6**
EBITDA	63.4	26.7
Depreciation and amortisation	(8.5)	(10.5)
Other net interest charge	(1.4)	(4.2)
Pre tax profit	53.5	12.0
Income tax expense	(10.6)	(18.6)
Total comprehensive income/(loss)	**42.9**	**(6.6)**
Dividends paid by joint venture	**(12.0)**	-

31 March 2022

Summarised statement of comprehensive income/(loss)	Lakeside Energy from Waste Holdings Limited £ m	INEOS Runcorn (TPS) Holdings Limited £ m
Revenue	**52.0**	**45.1**
EBITDA	24.4	25.3
Depreciation and amortisation	(8.5)	(10.5)
Other net interest charge	(0.8)	(7.7)
Pre tax profit	15.1	7.1
Income tax expense	(6.6)	(3.6)
Total comprehensive income	**8.5**	**3.5**
Dividends paid by joint venture	**(14.0)**	-

The information above reflects the amounts presented in the financial statements of the joint ventures, adjusted for differences in accounting policies between the Group and the joint ventures. The information reflects 100% of the joint ventures results and net assets/liabilities.

20 Inventories

	Group		Company	
	31 March 2023 £ m	31 March 2022 £ m	31 March 2023 £ m	31 March 2022 £ m
Raw materials and consumables	**38.2**	**33.6**	-	-

21 *Trade and other receivables*

		Group		Company	
Current	**Note**	31 March 2023 £ m	31 March 2022 £ m	31 March 2023 £ m	31 March 2022 £ m
Trade receivables		35.6	60.2	-	-
Allowance for expected credit losses		(0.1)	(0.8)	-	-
Net trade receivables		35.5	59.4	-	-
Trade receivables from related parties	30	22.8	14.7	-	-
Loans receivable from related parties	30	15.0	8.4	-	-
Accrued income		45.1	35.9	-	-
Prepayments		1.6	2.9	-	-
Service concession arrangements		35.5	32.7	-	-
Other receivables and prepayments		5.8	4.9	-	-
		161.3	**158.9**	-	-

No material credit loss provision has been recognised in relation to amounts owed by the related parties or other receivables balances.

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

The Group 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 not specifically impaired was:

	Group	
	31 March 2023 £ m	31 March 2022 £ m
Not past due	32.4	47.9
Past due 1 to 30 days	2.7	5.9
Past due 31 to 120 days	0.1	5.4
Past due more than 120 days	0.3	0.2
	35.5	**59.4**

There is no significant concentration of credit risk in trade receivables. The Group 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.

22 Derivative financial instruments

	Group		Company	
	31 March 2023 £ m	31 March 2022 £ m	31 March 2023 £ m	31 March 2022 £ m
Non-current financial assets				
Derivatives used for cash flow hedging	62.0	28.4	-	-

	Group		Company	
	31 March 2023 £ m	31 March 2022 £ m	31 March 2023 £ m	31 March 2022 £ m
Current financial assets				
Derivatives used for cash flow hedging	22.0	4.1	-	-

	Group		Company	
	31 March 2023 £ m	31 March 2022 £ m	31 March 2023 £ m	31 March 2022 £ m
Non-current financial liabilities				
Derivatives used for cash flow hedging	(238.8)	(245.0)	-	-
Derivatives not used in a hedging relationship	(47.1)	(72.9)	-	-
	(285.9)	**(317.9)**	-	-

	Group		Company	
	31 March 2023 £ m	31 March 2022 £ m	31 March 2023 £ m	31 March 2022 £ m
Current financial liabilities				
Derivatives used for cash flow hedging	(15.4)	(3.9)	-	-
Derivatives not used in a hedging relationship	(51.9)	(123.4)	-	-
	(67.3)	**(127.3)**	-	-

The periods for which the cash flow hedges are expected to affect future profits and losses are as follows:

Assets	Group		Company	
Derivatives used for cash flow hedging	31 March 2023 £ m	31 March 2022 £ m	31 March 2023 £ m	31 March 2022 £ m
Within one year	22.0	4.1	-	-
One to two years	16.8	9.1	-	-
Two to five years	28.3	13.0	-	-
After five years	16.9	6.3	-	-
	84.0	**32.5**	-	-

22 Derivative financial instruments (continued)

Liabilities

	Group		Company	
	31 March 2023	31 March 2022	31 March 2023	31 March 2022
Derivatives used for cash flow hedging	£ m	£ m	£ m	£ m
Within one year	(15.4)	(3.9)	-	-
One to two years	(17.4)	(9.1)	-	-
Two to five years	(52.9)	(35.0)	-	-
After five years	(168.5)	(200.9)	-	-
	(254.2)	(248.9)	-	-

The Group's financial risks and risk management policies are set out in note 3. The fair value of derivatives is split between current and non-current assets or liabilities based on the maturity of the cash flows. The ineffective portion recognised in the income statement arising from hedging relationships was £nil (2022: £nil).

During the year a £4.5 million charge (2022: £0.1 million credit) was recognised in profit and loss relating to cash flow hedges previously recognised through other comprehensive income and recorded in the hedging reserve. A £50.5 million credit (2022: £171.1 million charge) was recognised as another comprehensive loss/income for cash flow hedges that may be classified subsequently to profit and loss.

Interest rate swaps and fixed rate borrowings are used to manage the mix of fixed and floating rates to ensure at least 85% of Group net borrowings are at fixed rate. At 31 March 2023, 94% (2022: 97%) of Group net borrowings were at fixed rate. At 31 March 2023, the Group had interest rate swaps to swap from floating to fixed rate and hedge financial liabilities with a notional value of £664 million (2022: £702 million) and a weighted average maturity of 3.6 years (2022: 4.0 years).

The weighted average interest rate of the swaps for their nominal amount was 0.93% (2022: 0.93%).

RPI swaps are used to manage the inflation risk embedded in certain long-term contracts. As of 31 March 2023, the Group had RPI swaps to swap from RPI to fixed rate and hedge future cash flows with a notional value of £1,660 million (2022: £1,747 million) and a weighted average maturity of 8.61 years (2022: 7.57 years). The weighted average annual RPI value of the swaps for their nominal amount was 3.11% (2022: 3.11%).

Fair value measurement

The group uses a valuation methodology to estimate fair values, as explained in note 3.

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). The fair values of these instruments are based on the market value of equivalent instruments at the balance sheet date.

23 Cash and cash equivalents

	Group		Company	
	31 March 2023	31 March 2022	31 March 2023	31 March 2022
	£ m	£ m	£ m	£ m
Cash at bank	88.2	124.0	-	-

Cash at bank has an average maturity of one working day.

24 Trade and other payables

		Group		Company	
	Note	31 March 2023 £ m	31 March 2022 £ m	31 March 2023 £ m	31 March 2022 £ m
Trade payables		9.5	9.8	-	-
Contract liabilities		3.4	0.2	-	-
Accrued expenses		43.6	38.7	-	-
Amounts due to related parties	30	3.0	28.3	-	-
Social security and other taxes		11.6	12.5	-	-
Other payables		0.2	0.9	-	-
		71.3	**90.4**	-	-

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

Contract liabilities are recognised when consideration is received in advance of the Group performing its obligations to customers. The movement in the contract liabilities was:

	Group	
	31 March 2023 £ m	31 March 2022 £ m
At 1 April	0.2	6.1
Revenue recognised in the year	(0.2)	(6.1)
Consideration received in advance of completion of performance obligations	3.4	0.2
At 31 March	**3.4**	**0.2**

All current contract liabilities are expected to be satisfied and revenue recognised within the financial year ending 31 March 2024.

25 Loans and borrowings

	Group		Company	
	31 March 2023 £ m	31 March 2022 £ m	31 March 2023 £ m	31 March 2022 £ m
Current loans and borrowings				
External borrowings	66.1	47.7	-	-
Lease liabilities	1.7	1.6	-	-
	67.8	49.3	-	-
Non-current loans and borrowings				
External borrowings	2,387.5	2,380.6	-	-
Lease liabilities	37.8	37.0	-	-
	2,425.3	2,417.6	-	-
Total borrowings	**2,493.1**	**2,466.9**	-	-
Cash and cash deposits	(88.2)	(124.0)	-	-
Net borrowings	**2,404.9**	**2,342.9**	-	-

The fair value of current borrowings equals their carrying amount, as the impact of discounting is not significant.

The carrying amounts of the Group's borrowings are denominated in £ sterling.

The terms and conditions associated with the bank borrowings are disclosed in note 3.

The carrying amounts of the Group's borrowings are denominated in £ sterling. The maturity of non-current borrowings was:

	Group 2023			Company 2023
	Leases £ m	Other £ m	Total £ m	Total £ m
Between 1 and 2 years	1.4	68.3	69.7	-
Between 2 and 5 years	2.7	429.2	431.9	-
Over 5 years	33.7	1,890.0	1,923.7	-
	37.8	**2,387.5**	**2,425.3**	-

	Group 2022			Company 2022
	Leases £ m	Other £ m	Total £ m	Total £ m
Between 1 and 2 years	1.3	70.4	71.7	-
Between 2 and 5 years	2.0	228.2	230.2	-
Over 5 years	33.7	2,082.0	2,115.7	-
	37.0	**2,380.6**	**2,417.6**	-

The weighted average maturity of non-current borrowings was 17 years (2022: 18 years).

25 Loans and borrowings (continued)

The fair values of non-current borrowings were:

	31 March 2023		31 March 2022	
	Book Value	Fair Value	Book Value	Fair Value
Group	£ m	£ m	£ m	£ m
Finance lease liabilities	37.8	37.8	37.0	37.0
External borrowings	2,387.5	2,184.0	2,380.6	2,465.3
	2,425.3	**2,221.8**	**2,417.6**	**2,502.3**

The fair values of non-current borrowings are calculated by discounting expected future cash flows at prevailing interest rates.

The changes in borrowings from financing activities were:

Group	1 April 2022 £ m	Cash flows £ m	Accrued interest £ m	Other £ m	31 March 2023 £ m
Current lease liabilities	1.6	(1.9)	0.1	1.9	1.7
Non-current lease liabilities	37.0	-	1.5	(0.7)	37.8
Current external borrowings	47.7	(53.5)	0.3	71.6	66.1
Non-current external borrowings	2,380.6	75.0	-	(68.1)	2,387.5
	2,466.9	**19.6**	**1.9**	**4.7**	**2,493.1**

	1 April 2021 £ m	Cash flows £ m	Accrued interest £ m	Other £ m	31 March 2022 £ m
Current lease liabilities	1.7	(2.0)	0.3	1.6	1.6
Non-current lease liabilities	41.5	-	1.4	(5.9)	37.0
Current external borrowings	-	-	-	47.7	47.7
Non-current external borrowings	-	2,463.9	-	(83.3)	2,380.6
Current parent company loans	204.2	(204.2)	-	-	-
Non-current parent company loans	2,588.2	(2,588.2)	-	-	-
	2,835.6	**(330.5)**	**1.7**	**(39.9)**	**2,466.9**

The 'Other' column includes the netting of balances payable against balances receivable, the effect of reclassification of non-current portion of borrowings, transfers of lease liabilities to other Viridor Group companies and debt issue cost movements within external borrowings.

The Group classifies interest paid as cash flows from operating activities.

The loans and borrowings classified as financial instruments are disclosed in the financial instruments note.

The group's exposure to market and liquidity risk: including maturity analysis, in respect of loans and borrowings is disclosed in the financial risk management and impairment note.

The group's exposure to market and liquidity risks, including maturity analysis, relating to loans and borrowings is disclosed in note 3 "Financial risk review".

26 Other provisions

Group

	Other provisions £ m	Total £ m
At 1 April 2022	3.0	3.0
At 31 March 2023	**3.0**	**3.0**
Non-current liabilities	**0.7**	**0.7**
Current liabilities	**2.3**	**2.3**

Other provisions

Other provisions include amounts provided by the Group in relation to nuisance claims which are considered to be the best estimate of the amounts that might be finally settled. There is no disclosure of the assumptions on the basis that further disclosure could be detrimental to the Group. Other provisions also include provisions for dilapidations.

27 Share capital

Allotted, called up and fully paid shares

	31 March 2023 No.	£	31 March 2022 No.	£
Ordinary shares of £1 each	3	3	3	3

28 Share-based payments

Management Equity Plan

Scheme details and movements

Executive directors and senior management receive B ordinary shares of £0.01 in the capital of Planets Topco Limited. The B shares as a class comprise a non-voting 6.64% interest in the ordinary equity of Planets Topco Limited and they rank pari passu with the ordinary A shares. The shares can be subscribed by means of a management loan.

The vesting period is the time between the service commencement date and the vesting date, which is considered when there is a change of control transaction or the transfer of at least 50% of the Viridor Limited group. The scheme is equity settled with no choice or history of cash settlement.

Subscription monies received are held in a bare trust on behalf of Planets Topco Limited.

The movements in the number of shares granted during the year were as follows:

	31 March 2023 Number	31 March 2022 Number
At 1 April	4,277.0	-
Granted during the period	-	4,277.0
At 31 March	**4,277.0**	**4,277.0**

The movements in the weighted average exercise price of shares granted during the year were as follows:

	31 March 2023 £	31 March 2022 £
At 1 April	95.68	-
Granted during the period	-	95.68
At 31 March	**95.68**	**95.68**

Fair value of options granted

The fair value of the shares is estimated at the grant date using a Monte Carlo option pricing/valuation model, taking into account the terms and conditions on which the shares were granted. There were no new shares granted during the year (2022: fair value £655.1) and the main inputs are set out in the table below.

	31 March 2023	31 March 2022
Expected volatility (%)	-	22.00
Expected life in years	-	5.10
Risk-free interest rate (%)	-	**0.70**

The charge for the year is £0.5m (2022: £0.4m).

29 Contingent liabilities

Group

Guarantees
In connection with the application of the audit exemption provided by Section 479A. under Section 479C of the Companies Act 2006 the Company has guaranteed all the outstanding liabilities as at 31 March 2023 of the following subsidiaries, since these companies qualify for exemption:

• Viridor Energy (Investments Two) Limited
• Viridor Energy Limited
• Viridor Energy Group Limited
• Viridor Avonmouth Waste Services Limited
• Viridor Exeter Waste Services Limited
• Viridor Dunbar Waste Services Limited
• Viridor Oxfordshire Limited
• Viridor Trident Park Limited
• Viridor EfW (Runcorn) Limited
• Viridor Peterborough Limited
• Viridor (Glasgow) Limited
• Viridor South London Limited
• Viridor Clyde Valley Limited
• Viridor Enviroscot Limited

Other contractual and litigation uncertainties
A possible obligation exists relating to a potential claim for construction related activity at a plant. There is no disclosure of the assumptions for the contingent liability on the basis that further disclosure could be detrimental to the Group.

30 Related party transactions

Key management personnel

Key Management have been determined to be the Executive Leadership Team (ELT) by virtue of their authority and responsibility for planning, directing and controlling the activities of the Group. This includes statutory directors and senior management of the Group.

The compensation disclosed is based upon the ELT's total remuneration within the wider Viridor Limited Group (in which this Group's results are consolidated), with an appropriate apportionment applied to reflect the charge to this Group. Details of the highest paid director are included in the financial statements of Viridor Limited.

Key management compensation

	31 March 2023 £ m	31 March 2022 £ m
Salaries and other short term employee benefits	5.2	2.1
Post-employment benefits	0.1	0.1
	5.3	**2.2**

30 Related party transactions (continued)

Transactions with Related Parties
During the year, the Group companies entered into transactions with related parties who are not members of the Viridor Energy (Investments One) group. The related party categorisation is based upon the the relationship that existed as at 31 March ("Parent" relates to both direct and indirect parent companies).

Income and receivables from related parties
Related party sales of goods and services are undertaken at normal commercial terms and conditions that would also be available to unrelated third parties.

The provision of joint venture loan finance receivables represents loans due for repayment through to 2034. Interest is charged at an average of 12% (2022: 12%).

Group

2023	Note	Total £ m	Parent £ m	Associates £ m	Joint ventures £ m
Income statement transactions:					
Sale of goods		34.3	-	3.1	31.2
Income from provision of loan finance	8	4.0	-	-	4.0
		38.3	**-**	**3.1**	**35.2**
Statement of financial position balances:					
Current					
Amounts receivable from related party - trading balance	21	**22.8**	**10.1**	**0.9**	**11.8**
Amount receivable from related party - provision of loan finance (current)	21	**15.0**	**-**	**-**	**15.0**
Non-current					
Amount receivable from related party - provision of loan finance (non-current)	17	**18.4**	**-**	**-**	**18.4**

2022	Note	Total £ m	Parent £ m	Associates £ m	Joint ventures £ m
Income statement transactions:					
Sale of goods		42.5	-	14.0	28.5
Sale of property or other assets		20.6	20.6	-	-
Income from provision of loan finance	8	7.7	0.9	-	6.8
		70.8	**21.5**	**14.0**	**35.3**
Statement of financial position balances:					
Current					
Amounts receivable from related party - trading balance	21	**14.7**	**4.8**	**0.3**	**9.6**
Amounts receivable from related party - provision of loan finance	21	**8.4**	**-**	**-**	**8.4**

30 Related party transactions (continued)

Expenditure with and payables to related parties

Group

Related party expenditure in relation to goods and services are undertaken at normal commercial terms and conditions that would also be available to unrelated third parties.

Management services are contracted from Viridor Waste Limited (an indirect parent of the Group). The charge represents a fixed management services agreement which includes charges for: administrative, commercial, management and technical services including, inter alia, IT, finance, human resources, safety, health and environment, property and planning, procurement, legal services, central operations support, central management support, insurance and ERF haulage support.

2023	Note	Total £ m	Parent £ m	Associates £ m	Joint ventures £ m
Income statement transactions:					
Purchase of goods		**(25.4)**	(3.3)	-	(22.1)
Management services		**(8.7)**	(8.7)	-	-
		(34.1)	**(12.0)**	-	**(22.1)**
Statement of financial position balances:					
Current					
Amounts payable to related party - trading balance	24	**(3.0)**	-	-	**(3.0)**

2022	Note	Total £ m	Parent £ m	Associates £ m	Joint ventures £ m
Income statement transactions:					
Purchase of goods		**(32.6)**	-	(11.7)	(20.9)
Management services		**(26.2)**	(5.9)	(20.3)	-
Dividends paid		**(2,471.8)**	(2,471.8)	-	-
Payments for provision of loan finance		**(63.3)**	(63.3)	-	-
		(2,593.9)	**(2,541.0)**	**(32.0)**	**(20.9)**
Statement of financial position balances:					
Current					
Amounts payable to related party - trading balance	24	**(28.3)**	**(24.6)**	**(0.1)**	**(3.6)**

Company

Details of dividends paid to its parent company can be found in Note 11.

31 Parent and ultimate parent undertaking

The company's immediate parent is Viridor Energy Investments Limited.

The ultimate parent is KKR Planets Aggregator L.P. by virtue of its shareholding in Planets Topco Limited.

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