

**RENEWI BDR LIMITED (Formerly 3SE (BARNSELEY, DONCASTER &
ROTHERHAM) LIMITED)**

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2021

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RENEWI BDR LIMITED

COMPANY INFORMATION

Directors	A D Brookes R Kyle (appointed 1 December 2020)
Company secretary	P B Griffin-Smith
Registered number	07820886
Registered office	Dunedin House Auckland Park Mount Farm Milton Keynes Buckinghamshire MK1 1BU
Independent auditor	BDO LLP 55 Baker St London W1U 7EU

RENEWI BDR LIMITED

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RENEWI BDR LIMITED

STRATEGIC REPORT FOR THE YEAR ENDED 31 MARCH 2021

Introduction

The Directors present their Strategic Report for the Company for the year ended 31 March 2021.

Business review, principal activities and future prospects

The Company entered a 28 year Public Private Partnership contract with Barnsley, Doncaster and Rotherham Waste Partnership (the Council Partnership) on 30 March 2012 for the provision of waste management services. As part of this contract, the Company committed to investing in new waste management facilities, which it will operate until the end of the contract, when the facilities will revert to Council ownership. Renewi BDR Limited subcontracted the provision of waste management services to a fellow group undertaking, Renewi UK Services Limited.

On 12 October 2020 Renewi PFI Investments Ltd acquired the remaining 25% holding in Renewi BDR Holdings Limited and as a result the entity and its subsidiary Renewi BDR Limited are now wholly owned by the group.

The Company's loss on ordinary activities before taxation was £1,273,000 (2020: £1,392,000 loss). All other activities are broadly in line with the Directors' plans for the Company as well as the financial model for the contract though future returns are dependent on the successful operation of the waste management facilities and trends in insurance costs. At the end of the year, the accumulated losses stood at £15,040,000 (2020: £16,326,000) and net borrowings totalled £40,871,000 (2020: £42,682,000).

Key performance indicators (KPIs)

The principal KPIs for the Company are the volume of waste processed during the year, subsequent diversion of waste from landfill disposal and recycling from the household waste element of the contract tonnages. For financial year 2021, the Company processed 220,000 tonnes (2020: 205,000 tonnes) and diverted 216,000 tonnes or 98% from landfill disposal (2020: 199,000 tonnes or 97%). The Company recycled 28,000 tonnes or 14% (2020: 22,300 tonnes or 12%) of household waste.

Principal risks and uncertainties

The Company's ultimate controlling parent is Renewi plc. Risks are managed at a group level in accordance with the risk management framework of Renewi plc. The principal risks and uncertainties of Renewi plc are discussed in its Annual Report and Accounts for the year ended 31 March 2021.

Financial risk management

Interest rate derivatives are used by the Company in managing its exposure to variable market interest rates, further details of which can be found in note 15 of these financial statements. A discussion of the objectives and policies employed in managing financial risk and the use of financial instruments relevant to the Company's operations can be found in the Renewi plc Annual Report and Accounts for the year ended 31 March 2021.

RENEWI BDR LIMITED

STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2021

Section 172(1) Statement

When making decisions, the Directors of the Company must act in the way they consider, in good faith, is most likely to promote the success of the Company for the benefit of its members as a whole, while also considering the broad range of stakeholders who interact with and are impacted by our business. Throughout the year, while discharging their duties, section 172(1) requires a Director to have regard to, amongst other matters, the:

- likely consequences of any decisions in the long term;
- interests of the company's employees;
- need to foster the company's business relationships with suppliers, customers and others;
- impact of the company's operations on the community and environment;
- desirability of the company maintaining a reputation for high standards of business conduct, and
- need to act fairly as between members of the company.

In discharging their section 172(1) duties the Directors have had regard to the factors set out above, as well as other factors relevant to the decision being made. The Board as a whole acknowledges that every decision made will not necessarily result in a positive outcome for all stakeholders. By considering the Company's corporate purpose and strategic priorities the Board aims to ensure that the decisions made are consistent and intended to promote the Company's long-term success. The Company engaged with key stakeholders throughout the year to understand the issues and factors that are significant for these stakeholders (the methods of engagement are shown in the stakeholder map below). Over the course of the year the Board received several updates over the various engagement activities outlined in the stakeholder map, providing the Directors with an understanding of the initiatives the Company undertakes, and the relationships between its stakeholders.

Stakeholder	How we engage	Their concerns	How we respond
Local authority - our key customer	<ul style="list-style-type: none">• We engage directly with local authorities through our regular performance updates.• We engage with other public employees to help them understand how we add value through our long term contracts.	<ul style="list-style-type: none">• To meet contractual performance obligations.• Ensure facilities are subject to, and adhere to, regulations.	<ul style="list-style-type: none">• We ensure that the Special Purpose Vehicles (SPV) meets performance obligations through subcontracting via Renewi UK Services Limited (RUKS Ltd)• Our operator - RUKS Ltd ensures that the facilities are monitored by Environment Agency.• By securing insurance.
Equity investors	<ul style="list-style-type: none">• Regular board meetings are held to ensure the Board acts in the best interest of the Company.• It is constituted that Shareholders can appoint Directors.• Visits to our sites.	<ul style="list-style-type: none">• To understand the performance and prospects of the contract.• Ensure that free cash flow is maximised and appropriate distributions are made in line with the Shareholder Agreement.	<ul style="list-style-type: none">• Clear reporting through our Management Services Agreement (MSA) providers.• Regular monitoring of debt ratios against required levels and forecasting of distributions through regular forecast model updates.

RENEWI BDR LIMITED

STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2021

Stakeholder	How we engage	Their concerns	How we respond
Lenders	<ul style="list-style-type: none"> Ongoing financial reporting and covenant compliance reporting obligations through the regular updating of the forecast model and answering ad hoc questions. 	<ul style="list-style-type: none"> Protection of and return on their capital invested in the SPV. 	<ul style="list-style-type: none"> Regular ongoing discussions with the senior debt banking group and subordinated debt lender.
Regulators	<p>Our subcontractor - RUKS Ltd engages directly with regulators;</p> <ul style="list-style-type: none"> through meetings, site inspections, testing, and data submissions through trade and industry associations. 	<ul style="list-style-type: none"> That the project meets or exceeds the permitted environmental standards. Continue to evolve and define standards and address topical concerns. 	<ul style="list-style-type: none"> RUKS Ltd supports regulators with expert advice on handling and processing significant waste streams such as black refuse waste and Household Waste Recycling (HWRC) Respond to any breaches appropriately.
Suppliers	<ul style="list-style-type: none"> We have one key supplier- RUKS Ltd who performs contractual obligations on our behalf. 	<ul style="list-style-type: none"> Ensuring that they are able to meet, or exceed, their contractual targets within the project, and that we meet our contractual requirements to them. Creating long term collaborative and trusting partnerships. 	<ul style="list-style-type: none"> We ensure that operations are facilitated through subcontracted operator - RUKS Ltd in line with the underlying contractual agreement between the key parties. Holding regular meetings with subcontractor RUKS Ltd and other key stakeholders.
Communities	<ul style="list-style-type: none"> We engage with communities at large through our sub-contractors community liaison group. Our project provides Educational programmes via third parties/organisations focused around separation of waste. We support employment and development opportunities to our subcontractor's employees, many of which will live close to our sites. 	<ul style="list-style-type: none"> Our communities want the essential services delivered consistently with minimal negative impact to their local environments. Our communities are interested in better understanding recycling and its impact to environment. 	<p>The SPV entity actively encourages subcontracted operator - RUKS Ltd to support local communities by:</p> <ul style="list-style-type: none"> Meeting or exceeding contract targets for managing and treating waste. Holding regular community events every year. Providing local employment opportunities both directly (see below) and through supply chains.

RENEWI BDR LIMITED

STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2021

Stakeholder	How we engage	Their concerns	How we respond
Employees (employed by RUKS Ltd)	<ul style="list-style-type: none">• The Company subcontracts all of its services to RUKS Ltd.• RUKS Ltd has put in place policies and procedures to support the safety and well-being of all of their staff.• The Company engages with RUKS Ltd through contracts liaison meetings.	<ul style="list-style-type: none">• The overall working environment and conditions including excellent standards of safety during their work.• Personal development and opportunities for career developments.• Clarity of communication and organisational objectives.	<ul style="list-style-type: none">• RUKS Ltd continues to focus on and invest in safety.• Support physical and mental well-being of staff.• Staff development, opportunities and continued annual performance reviews.• Regular meetings with clear line management structures.

This report was approved by the board on 3 September 2021 and signed on its behalf.



A D Brookes
Director

RENEWI BDR LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2021

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

Directors' responsibilities statement

The Directors are responsible for preparing the Strategic Report, the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 101 'Reduced Disclosure Framework'. Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

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

Results and dividends

The loss for the year, after taxation, amounted to £2,284,000 (2020: £1,296,000).

A dividend of £nil (2020: £nil) was paid in the year.

Directors

The Directors who served during the year were:

A D Brookes
R Kyle (appointed 1 December 2020)
K C Shah (resigned 30 November 2020)
M Beattie (appointed 14 August 2020, resigned 12 October 2020)
A M G Gray (resigned 12 October 2020)
J J Sime (resigned 13 August 2020)

RENEWI BDR LIMITED

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2021**

Going Concern

Notwithstanding the net liabilities position and after making enquiries, the Directors have formed the view, at the time of approving the financial statements, that the Company has adequate resources to continue in operational existence for the foreseeable future. The Directors gain comfort from the protections inherent in PPP projects for SPVs such as a Guaranteed Minimum Tonnage and a flow down of responsibility to the Operator which have been reflected in the long term future outlay modelling of cashflows submitted to the Board and lenders. In addition the Directors have carefully considered the impact of Covid-19 on the Company's prospects and in particular guidance issued by the UK Government's Infrastructure and Projects Authority which states that the contracting authorities should work closely with PPP contractors to maintain service and unitary charge payments. For this reason the Directors continue to adopt the going concern basis in preparing the financial statements.

Financial risk management

The Strategic report on page 1 provides information regarding the policy of managing the principal financial risks.

Future developments

Future developments have been discussed within the Strategic Report on page 1.

Disclosure of information to auditor

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

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

This report was approved by the board on 3 September 2021 and signed on its behalf.



A D Brookes
Director

RENEWI BDR LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF RENEWI BDR LIMITED

Opinion on the financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 March 2021 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements of Renewi BDR Limited ("the Company") for the year ended 31 March 2021 which comprise the Statement of Comprehensive Income, the Balance Sheet, the Statement of Changes in Equity and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 101 'Reduced Disclosure Framework'.

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

Independence

We remain independent of the Company 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.

Conclusions relating to going concern

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

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

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

Other information

The Directors are responsible for the other information. The other information comprises the information included in the Annual Report and Financial Statements other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

RENEWI BDR LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF RENEWI BDR LIMITED

Other Companies Act 2006 reporting

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

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

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

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

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

Responsibilities of Directors

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

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

Auditor's responsibilities for the audit of the financial statements

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

Extent to which the audit was 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 material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

Based on our understanding of the Company, we considered those laws and regulations that have a direct impact on the preparation of the financial statements, such as the Companies Act 2006 and UK tax requirements. The Company is also subject to many other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements, for instance

RENEWI BDR LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF RENEWI BDR LIMITED

through the imposition of fines or litigation.

We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements, including the risk of override of controls, and determined that the principal risks were related to posting inappropriate journal entries. Audit procedures performed by the engagement team included:


- Discussions with management including consideration of known or suspected instances of non-compliance with laws and regulation and fraud;
- Evaluating management's controls designed to prevent and detect irregularities;
- Identifying and testing journals, in particular journal entries impacting turnover and the extent of any management bias in connection with the preparation of the financial statements, focusing on the recoverability of the financial asset relating to the PFI contract.

Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that 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, misrepresentations or through collusion. There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we are to become aware of it.

A further description of our responsibilities is available 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.

DocuSigned by:

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Mark Cardiff (Senior Statutory Auditor)
For and on behalf of BDO LLP, statutory auditor
London, UK

Date: 04 September 2021

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

RENEWI BDR LIMITED

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 MARCH 2021**

	Note	2021 £000	2020 £000
Revenue	4	18,072	17,482
Cost of sales		(18,699)	(18,085)
Gross loss		(627)	(603)
Administrative expenses		(178)	(236)
Operating loss	5	(805)	(839)
Finance income	8	4,326	4,412
Finance charges	9	(4,794)	(4,965)
Loss before taxation		(1,273)	(1,392)
Taxation	10	(1,011)	96
Loss for the financial year		(2,284)	(1,296)
Other comprehensive income/(expense)			
Items that are or may be reclassified subsequently to the Statement of Comprehensive Income:			
Fair value movement on cash flow hedges		3,570	(2,741)
Deferred tax on fair value movement in cash flow hedges		-	(1,825)
Other comprehensive income/(expense) for the year, net of income tax		3,570	(4,566)
Total comprehensive income/(expense) for the year		1,286	(5,862)

The notes on pages 13 to 24 form part of these financial statements.

RENEWI BDR LIMITED
REGISTERED NUMBER: 07820886

BALANCE SHEET
AS AT 31 MARCH 2021

	Note	2021 £000	Restated 2020 £000
Non-current assets			
Financial asset relating to PPP contract	11	59,347	61,011
Deferred taxation	16	-	162
		<u>59,347</u>	<u>61,173</u>
Current assets			
Financial asset relating to PPP contract	11	1,768	1,665
Debtors	12	1,471	1,530
Cash at bank and in hand		5,891	5,942
		<u>9,130</u>	<u>9,137</u>
Creditors: amounts falling due within one year	13	(16,022)	(14,637)
Net current liabilities		<u>(6,892)</u>	<u>(5,500)</u>
Total assets less current liabilities		<u>52,455</u>	<u>55,673</u>
Creditors: amounts falling due after more than one year	14	(66,546)	(71,899)
Deferred taxation	16	(849)	-
Net liabilities		<u>(14,940)</u>	<u>(16,226)</u>
Equity			
Share capital	17	100	100
Accumulated losses		(15,040)	(16,326)
Total Shareholders' deficit		<u>(14,940)</u>	<u>(16,226)</u>

The prior year cash at bank and in hand and creditors: amounts falling due after more than one year have been restated. Further information in relation to this restatement is provided in note 2.2 within accounting policies.

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 3 September 2021.



A D Brookes
Director

The notes on pages 13 to 24 form part of these financial statements.

RENEWI BDR LIMITED

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2021**

	Share capital £000	Accumulated losses £000	Total equity £000
At 1 April 2019	100	(10,464)	(10,364)
Comprehensive income for the year			
Loss for the year	-	(1,296)	(1,296)
Other comprehensive expense	-	(4,566)	(4,566)
Total comprehensive income for the year	-	(5,862)	(5,862)
At 1 April 2020	100	(16,326)	(16,226)
Comprehensive income for the year			
Loss for the year	-	(2,284)	(2,284)
Other comprehensive income	-	3,570	3,570
Total comprehensive income for the year	-	1,286	1,286
At 31 March 2021	100	(15,040)	(14,940)

The notes on pages 13 to 24 form part of these financial statements.

RENEWI BDR LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

1. General information

Renewi BDR Limited (the "Company") is a private company limited by shares, incorporated and domiciled in the UK.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared on the historical cost convention, as modified by the revaluation of financial assets and financial liabilities (including derivative instruments) at fair value, in accordance with applicable law, the Companies Act 2006 and Financial Reporting Standard 101 'Reduced Disclosure Framework (FRS 101)'. The presentation currency of these financial statements is sterling and all amounts have been rounded to the nearest £1,000.

In preparing these financial statements, the Company applies the recognition, measurement and disclosure requirements in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006, but makes amendments where necessary in order to comply with Companies Act 2006 as applicable to companies reporting under FRS 101.

The Company is a qualifying entity and has applied the following disclosure exemptions in the preparation of the financial statements under FRS 101:

- a Cash Flow Statement and related notes;
- disclosures in respect of related party transactions for wholly owned subsidiaries within a group;
- disclosures in respect of capital management;
- disclosures in respect of financial instruments under IFRS 7; and
- the effects of new but not yet effective IFRSs.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements.

Judgements made by the Directors, in the application of these accounting policies that have significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are discussed in note 3.

2.2 Restatement due to prior year adjustment

In preparing these financial statements, management have identified a balance sheet presentational error relating to the prior period and accordingly a prior year adjustment has been made. The Company has previously presented net, cash and loan balances that did not meet the criteria for offset in IAS 32- Financial Instruments: Presentation. The correction has resulted in an increase in bank loans by £5,942,000 and cash and cash equivalents by the same amount. There is no impact on the prior year Statement of comprehensive income or total equity.

2.3 New standards, amendments and interpretations

There were no new standards, amendments to standards or interpretations adopted for the first time for the Company's financial period beginning 1 April 2020 that had a significant impact on these financial statements.

2.4 Going concern

Notwithstanding the net liabilities position and after making enquiries, the Directors have formed the view, at the time of approving the financial statements, that the Company has adequate resources to continue in operational existence for the foreseeable future. The Directors gain comfort from the

RENEWI BDR LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

2. Accounting policies (continued)

2.4 Going concern (continued)

protections inherent in PPP projects for SPVs such as a Guaranteed Minimum Tonnage and a flow down of responsibility to the Operator which have been reflected in the long term future outlay modelling of cashflows submitted to the Board and lenders. In addition the Directors have carefully considered the impact of Covid-19 on the Company's prospects and in particular guidance issued by the UK Government's Infrastructure and Projects Authority which states that the contracting authorities should work closely with PPP contractors to maintain service and unitary charge payments. For this reason the Directors continue to adopt the going concern basis in preparing the financial statements.

2.5 Revenue

The Company applies IFRS 15 Revenue from Contracts with Customers which requires apportioning revenue from customer contracts to separate performance obligations and recognise revenue as these performance obligations are satisfied.

Revenue represents the fair value of consideration received or receivable, including landfill tax but excluding value added tax and discounts for goods and services provided in the normal course of business. The transaction price is based on contractually agreed prices for processing the waste. Revenue is recognised when it can be reliably measured and when it is probable that future economic benefits will flow to the entity.

The waste processing services provided on the Public Private Partnership (PPP) contract include an obligation to process waste and revenue is recognised as processing occurs.

PPP contract

The Company holds a PPP contract for the management of waste. The contract required the building of new infrastructure and all rights to the infrastructure to pass to the Local Authority at the termination or expiry of the contract. The Company applies IFRIC 12 (Service Concession Arrangements) which specifies the accounting treatment applied by concession operators.

Under IFRIC 12, the operator's rights over infrastructure operated under concession arrangements should be accounted for based on the control of the grantor (the local authority), over what services the operator must provide with the infrastructure, to whom it must provide them and at what price. Accordingly the Company applies the 'financial asset' model as it has an unconditional right to receive cash for the infrastructure. The Company splits the local authority payment between a service element as revenue and a repayment element that is deducted from the financial asset. Interest receivable is added to the financial asset based on the rate implied in the contract payments. Reviews are undertaken regularly to ensure that the financial asset will be recovered over the contract life.

Borrowing costs relating to contract specific external borrowings are expensed in profit or loss.

Income and costs relating to specific rights and obligations within the contracts are transferred to accruals or other receivables and released to profit or loss.

Accrued income

Accrued income at the balance sheet date is recognised at the fair value based on contractually agreed prices. It is subsequently invoiced and accounted for as a trade receivable.

RENEWI BDR LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021

2. Accounting policies (continued)

2.5 Revenue (continued)

Deferred Revenue

Deferred revenue is recognised as income and costs relating to the obligations of lifecycle expenditure occur and is either released or charged to the Statement of Comprehensive Income over the period of delivery.

2.6 Current and deferred taxation

Current tax

Current tax is based on taxable profit or loss for the year. Taxable profit differs from profit before tax in the Statement of Comprehensive Income because it excludes items of income or expense that are taxable or deductible in other years or that are never taxable or deductible. The asset or liability for current tax is calculated using tax rates that have been enacted, or substantively enacted, at the balance sheet date.

Deferred tax

Deferred tax is recognised in full where the carrying value of assets and liabilities in the financial statements is different to the corresponding tax bases used in the computation of taxable profits. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that the taxable profits will be available against which deductible temporary differences can be utilised. Deferred tax is calculated at the tax rates that have been substantively enacted at the balance sheet date.

Deferred tax is charged or credited to the Statement of Comprehensive Income, except where it relates to items charged or credited directly to equity in which case the deferred tax is also dealt with in equity.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities, when they relate to income taxes levied by the same taxation authority.

2.7 Finance charges

Finance charges comprise interest payable on bank loans and intercompany loans. Interest expense is recognised on an accruals basis in the Statement of Comprehensive Income.

2.8 Finance income

Finance income comprises interest receivable on bank balances and on the financial asset relating to the PPP contract. Interest income is recognised on an accruals basis in the Statement of Comprehensive Income.

2.9 Financial instruments

Trade receivables

Trade receivables do not carry interest and are recognised initially at their fair value and are subsequently measured at amortised cost less provision for impairment. A provision for impairment of trade receivables is established when there is objective evidence that the Company will not be able

RENEWI BDR LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

2. Accounting policies (continued)

2.9 Financial instruments (continued)

to collect all amounts due according to the original terms of the receivables. The amount of the provision is the difference between the asset's carrying value and the value of estimated future cash flows. Subsequent recoveries of amounts previously written off are credited in the Statement of Comprehensive Income.

Financial asset relating to the PPP contract

The financial asset relating to the PPP contract is initially recognised at fair value of consideration receivable and subsequently at amortised cost.

In addition as a result of Covid-19, in the current year outstanding receivables have been reviewed on a detailed basis taking into the available government support and the likelihood of default.

The UK Government's Infrastructure and Projects Authority has issued guidance in relation to Covid-19 and the provision of services under PPP contract in which it stated that the contractors are part of the public sector response to Covid-19 and that the contracting authorities should work closely with PPP contractors to maintain service and to ensure the unitary charge payments are maintained.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits with a maturity of three months or less. Where the Company has a legally enforceable right to offset with a financial institution and the intention to settle net, then cash and cash equivalents are offset against the bank loans.

External borrowings

Interest bearing loans are initially recorded at the proceeds received, net of direct issue costs and subsequently net of repayments.

Trade payables

Trade payables are not interest bearing and are stated initially at fair value and subsequently held at amortised cost.

Derivative financial instruments

In accordance with its treasury policy, the Company only holds derivative financial instruments to manage the Company's exposure to interest risk on the Company's variable-rate borrowings. The Company does not hold or issue derivative financial instruments for trading or speculative purposes.

The Company manages these risks through interest rate swaps. Interest rate swaps are considered to be used for hedging purposes when they alter the risk profile of an underlying exposure of the Company in line with the Company's risk management policies. At the inception of the hedge relationship the Company documents the relationship between the hedging instrument and hedged item, along with its risk management objectives and its strategy for undertaking various hedge transactions. Furthermore, at the inception of the hedge and on an ongoing basis, the Company documents whether the hedging instrument that is used in a hedging relationship is highly effective in offsetting changes in fair values or cash flows of the hedged item. For interest rate swaps which are not designated as a hedge the gains or losses between period ends are taken to finance income or charges in profit or loss.

RENEWI BDR LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021

2. Accounting policies (continued)

2.9 Financial instruments (continued)

The change in the fair value of the portion of the hedging instrument that is determined to be an effective hedge is recognised in equity and subsequently recycled to profit or loss when the hedged cash flow impacts profit or loss. The ineffective portion of the fair value of the hedging instrument is recognised immediately in profit or loss.

Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated, exercised or no longer qualifies for hedge accounting. At that time, any cumulative gain or loss on the hedging instrument recognised in equity is retained in equity until the forecast transaction occurs at which point it is recognised in profit or loss. If a hedged transaction is no longer expected to occur, the net cumulative gain or loss recognised in equity is recognised in profit or loss immediately.

Details of the fair values of the derivative financial instruments used are disclosed in note 14.

Other receivables and other payables

Other receivables and other payables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest rate method.

2.10 Cash and cash equivalents

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

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

The preparation of financial statements in accordance with FRS 101 requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The areas involving a higher degree of judgement or complexity are set out below and in more detail in the related notes.

Service concession arrangements under the PPP contract

The financial asset relating to the PPP contract is recognised in accordance with IFRIC 12. It represents an estimate of the value of the construction services delivered to the grantor. This estimate is based on the cost of the associated services to the Company.

4. Revenue

The Company's activities consist solely of waste management in the United Kingdom.

RENEWI BDR LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021**

5. Operating loss

The operating loss is stated after charging:

	2021 £000	2020 £000
Repairs and maintenance expenditure on PPP assets	440	753
Auditor's remuneration for audit services	10	10
	<u> </u>	<u> </u>

6. Employees

There were no employees of the Company in the year (2020: nil). The Company's fellow subsidiary of Renewi plc, Renewi UK Services Limited, was contracted to provide management and administrative support to the Company.

7. Directors' emoluments

The Directors were not remunerated for their services to the Company in the current or prior year, neither did the Directors accrue any retirement benefits in respect of service to the Company (2020: £nil). None of the emoluments paid to the Directors by the other group companies related to the services of this company (2020: £nil).

8. Finance income

	2021 £000	2020 £000
Financial asset interest income	4,326	4,412
Finance income	<u>4,326</u>	<u>4,412</u>

9. Finance charges

	2021 £000	2020 £000
Interest payable on bank loans	3,106	3,277
Interest payable to group undertakings	1,688	1,688
Finance charges	<u>4,794</u>	<u>4,965</u>

RENEWI BDR LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021**

10. Taxation

	2021	2020
	£000	£000
Deferred tax		
Origination and reversal of timing differences	(1,011)	202
Adjustment in respect of prior year	-	(106)
Total deferred tax	<u>(1,011)</u>	<u>96</u>
Total tax (charge)/credit for the year	<u>(1,011)</u>	<u>96</u>

Factors affecting tax charge for the year

The tax assessed for the year is higher than (2020 - higher than) the standard rate of corporation tax in the UK of 19% (2020: 19%). The differences are explained below:

	2021	2020
	£000	£000
Loss on ordinary activities before tax	<u>(1,272)</u>	<u>(1,392)</u>
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2020: 19%)	242	264
Effects of:		
Permanent differences	(1,253)	(57)
Adjustment in respect of prior year	-	(106)
Impact of changes in tax rate	-	(5)
Total tax (charge)/credit for the year	<u>(1,011)</u>	<u>96</u>

Included within permanent differences, £1,038,000 (2020: £nil) relates to a taxable adjustment arising as a consequence of the purchase of subordinated debt from SSE during the year.

Factors that may affect future tax charges

The rate of UK corporation tax changed from 20% to 19% on 1 April 2017 and legislation was included in Finance Act 2016 to reduce the rate to 17% from 1 April 2020. However, it was announced in the Chancellor's budget of 11 March 2020 that the rate will remain at 19% and this was substantively enacted on 17 March 2020. Furthermore, in the Chancellor's Budget of 3 March 2021 it was announced that the rate will increase to 25% with effect from 1 April 2023. This measure had not been substantively enacted at the balance sheet date.

RENEWI BDR LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021

11. Financial asset relating to PPP contract

The financial asset results from the application of IFRIC 12 on accounting for concession arrangements relating to the PPP contract and is measured initially at fair value of consideration receivable and subsequently at amortised cost.

The movement in the carrying value of the current and non-current financial asset is as follows:

	£000
At 1 April 2019	63,063
Interest income (note 7)	4,412
Advances	1,206
Repayments	(6,005)
At 31 March 2020	62,676
Interest income (note 7)	4,326
Advances	103
Repayments	(5,990)
At 31 March 2021	61,115
Current	1,768
Non-current	59,347
At 31 March 2021	61,115
Current	1,665
Non-current	61,011
At 31 March 2020	62,676

RENEWI BDR LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021**

12. Debtors

	2021	2020
	£000	£000
Due within one year		
Amounts owed by group undertakings	20	20
Prepayments and accrued income	1,451	1,510
	1,471	1,530

13. Creditors: Amounts falling due within one year

	2021	2020
	£000	£000
Bank loans	1,709	1,862
Trade creditors	1	120
Amounts owed to group undertakings - trading balances	1,356	1,617
Amounts owed to group undertakings - loan and interest (note 14)	11,686	9,883
Other taxation and social security	321	226
Interest payable	16	18
Deferred revenue	863	694
Accruals	70	217
	16,022	14,637

Trading balances within amounts owed to group undertakings are unsecured, interest-free and repayable on demand.

RENEWI BDR LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021**

14. Creditors: Amounts falling due after more than one year

	2021 £000	Restated 2020 £000
Bank loans (note 15)	45,053	46,762
Deferred revenue	723	682
Amounts owed to group undertakings	10,855	10,970
Derivative financial instruments	9,915	13,485
	<u>66,546</u>	<u>71,899</u>

As at 31 March 2021, the interest rate swap contract had a fair value of £9,915,000 liability (2020: £13,485,000 liability). The notional principal amount of the outstanding interest rate swap contracts at 31 March 2021 was £46,600,000 (2020: £48,493,500). The expiry date of the contract is 30 June 2037.

The prior year bank loans figure has been restated. Further information in relation to this restatement is provided in note 2.2 within accounting policies.

	2021 £000	2020 £000
Amounts owed to group undertakings		
Due between 1 and 2 years	340	115
Due between 2 and 5 years	1,305	1,052
Due after more than 5 years	9,210	9,803
	<u>10,855</u>	<u>10,970</u>

Amounts owed to group undertakings comprise an unsecured subordinated loan due to Renewi BDR Holdings Limited. The loan was received in July 2015, is subject to interest at 12.75% per annum and is repayable in instalments from surplus funds to 30 September 2037. The current loan liability is £11,686,000 (2020: £9,883,000) and is disclosed in note 13. Sub debt interest accrued up to 31 March 2021 and principal amount payable in the next twelve months has been classified as current as the Company does not have an unconditional right to avoid settlement. However, in accordance with the financing agreement, the Company is prohibited from making any repayments to sub debt holders until it has fulfilled its obligations to the senior debt holders.

RENEWI BDR LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021**

15. Loans

Analysis of the maturity of loans is given below:

	2021 £000	Restated 2020 £000
Bank loans		
Amounts falling due within one year	1,709	1,862
Amounts falling due 1-2 years	1,949	1,709
Amounts falling due 2-5 years	6,642	6,179
Amounts falling due after more than 5 years	36,462	38,874
	<u>46,762</u>	<u>48,624</u>

Bank loans comprise a term loan. The repayment terms of the term loan are fixed and a final repayment will occur on 30 June 2037. Interest is payable on the six month LIBOR plus a margin of 3.05% increasing to 3.45%. The Company has entered into interest rate swap contracts which fix the interest rate based on the LIBOR rate at 3.407%.

The bank loans are secured by means of a legal mortgage over the land and a fixed and floating charge over the assets of the Company.

The prior year bank loans figure has been restated and increased by £5,942,000 at 31 March 2020. Further information in relation to this restatement is provided in note 2.2 within accounting policies.

16. Deferred taxation

	2021 £000
Deferred tax	
At beginning of year	162
Charged to profit and loss	(1,011)
At end of year	<u>(849)</u>

RENEWI BDR LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021

16. Deferred taxation (continued)

The deferred tax (liability)/asset is made up as follows:

	2021 £000	2020 £000
Capital allowances	(3,362)	(3,711)
Tax losses	3,254	4,673
Other temporary differences	(741)	(800)
Deferred tax (liability)/asset	<u>(849)</u>	<u>162</u>

17. Share capital

	2021 £000	2020 £000
Allotted, called up and fully paid		
100,000 (2020: 100,000) ordinary shares of £1 each	<u>100</u>	<u>100</u>

18. Commitments

On 30 March 2012, Renewi BDR Limited entered into a 28 year contract with Barnsley, Doncaster and Rotherham Waste Partnership (the Council Partnership) for the management of municipal solid waste. As part of this contract, the Company and its immediate holding company, Renewi BDR Holdings Limited, have pledged to their bankers all of their assets as security for their borrowings.

19. Controlling party

The Company's immediate parent company is Renewi BDR Holdings Limited, a company registered in England and Wales. The Company's ultimate parent and ultimate controlling company is Renewi plc, a company incorporated in Scotland. Renewi plc is the parent undertaking of the largest and smallest group of undertakings to consolidate these financial statements at 31 March 2021. The consolidated financial statements of Renewi plc can be obtained from the Company Secretary, Renewi plc, Dunedin House, Auckland Park, Mount Farm, Milton Keynes, Buckinghamshire MK1 1BU.