Registered Number: SC271115

VIRIDOR ELECTRICAL RECYCLING (HOLDINGS) LIMITED
(formerly Ledge 806 Limited)

ANNUAL REPORT
AND
FINANCIAL STATEMENTS FOR THE
11 MONTHS ENDED 31 MARCH 2008

VIRIDOR ELECTRICAL RECYCLING (HOLDINGS) LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

for the 11 months ended 31 March 2008

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DIRECTORS' REPORT

The Directors present their report and the audited financial statements for the period ended 31 March 2008.

PRINCIPAL ACTIVITIES

The Company's principal activity during the period continued to be that of a holding company of a trading group.

On 20 March 2008, the Company's entire issued share capital was acquired by Viridor Waste Management Limited.

CHANGE OF NAME

On 25 March 2008, the Company changed its name from Ledge 806 Limited to Viridor Electrical Recycling (Holdings) Limited.

BUSINESS REVIEW

Financial Results

All numbers in this Annual Report are published for the first time in accordance with International Financial Reporting Standards (IFRS) with prior year figures restated. There are no significant differences between UK Generally Accepted Accounting Principles (UK GAAP) and IFRS.

The Company received no investment income during the period (period ending 30 April 2007 £nil).

Principal risks and uncertainties

The Company's principal risks arise from factors affecting its subsidiaries.

Dividends and reserves

No dividends are recommended.

The loss of £5,408,000, was transferred to retained earnings (2007 loss of £395,000) with the cumulative deficit of retained earnings at 31 March 2008 standing at £ 7,377,000 (2007 deficit of £1,969,000).

Key Performance Indicators ("KPIs")

The Directors of Pennon Group Plc manage the group's operations on a segmental basis. For this reason, the Company's Directors believe that analysis using key performance indicators for the Company is not necessary or appropriate for an understanding of the development, performance or position of Viridor Electrical Recycling (Holdings) Limited. The development, performance and position of the Waste segment of Pennon Group Plc, which includes this Company, is discussed on pages 16 to 27 of the group's annual report which does not form part of this report.

Employees

The Company as a holding company has no employees.

DIRECTORS' REPORT (continued)

BUSINESS REVIEW (continued)

Future developments

The trading subsidiaries of the Company are well placed as leading waste electrical and electronic equipment (WEEE) recycling businesses in the UK. The subsidiaries, located in Scotland and the north west of England provide an excellent fit with Viridor's existing waste management and recycling operations with benefits for the entire waste segment of Pennon Plc (the ultimate parent company) arising from continuing integration.

Post balance sheet events

On the 30 November 2008 the trade, contracts and net assets of Shore Recycling (Ozone) Limited, a wholly owned subsidiary of Viridor Electrical Recycling Limited (formerly Shore Recycling Limited), a wholly owned subsidiary of the Company, were transfered at net book value to Viridor Waste Management Ltd the immediate parent of the Company and the subsidiary ceased trading at this date.

In July 2008, a major fire at the Shore Recycling (Ozone) Limited facility, significantly impaired production capacity, for which ongoing negotiations with the insurers underwriters are taking place.

In August 2008, a major fire at the Viridor Electrical Recycling Limited facility , significantly impaired production capacity, for which ongoing negotiations with the insurers underwriters are taking place.

Neither event is likely to cause significant long term losses to the Company or its subsidiaries, with the only material risk identified being a possible rise in insurance premiums.

PARENT COMPANY

The Company is a wholly owned subsidiary of Viridor Waste Management Limited, a Company registered in England. The ultimate parent undertaking is Pennon Group Plc a company registered in England.

DIRECTORS

The Directors who served on the Board during the period were:

S M Howie	(resigned 20 March 2008)
T H M Liddell	
M A Todd	
M Hellings	(appointed 20 March 2008)
D B Robertson	(appointed 20 March 2008)
B S Hurley	(appointed 20 March 2008)
C A Paterson	(appointed 20 March 2008)

No Director has, or has had, a material interest, directly or indirectly, at any time during the period under review in any contract significant to the Company's business.

DIRECTORS' REPORT (continued)

DIRECTORS' RESPONSIBILITIES STATEMENT

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

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the financial statements in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union. The financial statements are required by law to give a true and fair view of the state of affairs of the Company and of the results of the Company for the period.

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

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state that the financial statements comply with IFRS as adopted by the European Union; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business, in which case there should be supporting assumptions or qualifications as necessary.

The Directors confirm that they have complied with the above requirements in preparing the financial statements.

The Directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 1985. 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.

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

a) So far as each of the Directors is aware, there is no relevant audit information of which the Company's auditors are unaware, and

b) Each of the Directors has taken all the steps they ought to have taken individually as a director in order to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

INDEPENDENT AUDITORS

Following the acquisition of the Company by the Pennon Group, Finlaysons resigned as auditors of the Company and confirmed, in accordance with Section 394 of the Companies Act 1985, that there were no circumstances connected with their resignation which they considered should be brought to the attention of the members of the Company.

In accordance with Section 388 of the Companies Act 1985, PricewaterhouseCoopers LLP were appointed auditors by the Directors to fulfil this casual vacancy. PricewaterhouseCoopers LLP have indicated their willingness to continue as auditors. A resolution concerning their reappointment will be proposed at the forthcoming general meeting.

ANNUAL GENERAL MEETING

The Annual General Meeting of the Company was held on Tuesday 30 September 2008 at which the usual business of an annual general meeting was deferred to a general meeting to be held later.

By Order of the Board

M L HEELEY
Secretary

29 January 2009

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF VIRIDOR ELECTRICAL RECYCLING LIMITED

We have audited the financial statements of Viridor Electrical Recycling (Holdings) Limited for the 11 months ended 31 March 2008 which comprise the Income Statement, the Balance Sheet, the Cash Flow Statement, Statement of Changes in Equity and the related notes. These financial statements have been prepared under the accounting policies set out therein.

Respective responsibilities of directors and auditors
The directors' responsibilities for preparing the financial statements in accordance with applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland). This report, including the opinion, has been prepared for and only for the company's members as a body in accordance with Section 235 of the Companies Act 1985 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

We report to you our opinion as to whether the financial statements give a true and fair view and whether the financial statements have been properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the information given in the Directors' Report is consistent with the financial statements.

In addition we report to you if, in our opinion, the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit opinion
We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion
In our opinion:

- the financial statements give a true and fair view, in accordance with IFRSs as adopted by the European Union, of the state of the company's affairs as at 31 March 2008 and of its loss and cash flows for the period then ended;

- the financial statements have been properly prepared in accordance with the Companies Act 1985; and

- the information given in the Directors' Report is consistent with the financial statements.

PricewaterhouseCoopers LLP

PricewaterhouseCoopers LLP
Chartered Accountants and Registered Auditors
Bristol

29 January 2009

Income statement for the 11 months ended 31 March 2008

	Notes	11 months 2008 £000	12 months 2007 £000
Operating costs	6		
Other operating expenses		-	(1)
Impairment of investments	11	(5,253)	-
Operating loss	5	(5,253)	(1)
Finance income	7	-	1
Finance costs	7	(526)	(676)
Loss before tax		(5,779)	(676)
Taxation	8	371	281
Loss for the period		(5,408)	(395)
Loss attributable to equity shareholders		(5,408)	(395)

All operating activities are continuing operations.

The notes on pages 9 to 19 form part of these financial statements.

Statement of changes in equity for the 11 months ended 31 March 2008

	Share Capital	Share Premium	Retained deficit	Total shareholders' equity
	£000	£000	£000	£000
At 1 May 2006	1	799	(1,574)	(774)
Loss for the year ended 30 April 2007	-	-	(395)	(395)
At 30 April 2007	1	799	(1,969)	(1,169)
Loss for the period ended 31 March 2008	-	-	(5,408)	(5,408)
At 31 March 2008	**1**	**799**	**(7,377)**	**(6,577)**

The notes on pages 9 to 19 form part of these financial statements.

Balance sheet at 31 March 2008

	Notes	31 March 2008 £000	30 April 2007 £000
Assets			
Non-current assets			
Investment in subsidiary undertakings	11	**10,500**	15,753
Current assets			
Trade and other receivables	13	**54**	36
Cash and cash deposits		**-**	-
		54	36
Liabilities			
Current liabilities			
Borrowings	15	**11,086**	10,152
Trade and other payables	14	**6,045**	6,806
Current tax liabilities		**-**	-
		17,131	16,958
Net current liabilities		**17,077**	16,922
Net liability		**(6,577)**	(1,169)
Shareholders' equity			
Share capital	16	**1**	1
Share premium		**799**	799
Retained deficit		**(7,377)**	(1,969)
Total shareholders' equity		**(6,577)**	(1,169)

The notes on pages 9 to 19 form part of these financial statements.

The financial statements on pages 5 to 19 were approved by the Board of Directors on 29 January 2009 and were signed on its behalf by :

D B ROBERTSON
Director

Cash flow statement for the year ended 31 March 2008

	Notes	2008 £000	2007 £000
Cash flows from operating activities			
Cash generated from operations	17	**302**	4,691
Interest paid		-	(676)
Tax paid		-	-
Net cash outflow from operating activities		**302**	4,015
Cash flows from investing activities			
Interest received		-	1
Net cash inflow from in investing activities		-	1
Cash flows from financing activities			
Repayment of loans		-	(3,900)
Net cash outflow from financing activities		-	(3,900)
Net increase in cash and cash equivalents		**302**	396
Cash and cash equivalents at beginning of the year		**(302)**	(698)
Cash and cash equivalents at end of the year		-	(302)

The notes on pages 9 to 19 form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

1. General information

Viridor Electrical Recycling (Holdings) Limited is a company incorporated in the United Kingdom under the Companies Act 1985. The address of the registered office is Peninsula House, Rydon Lane, Exeter, EX2 7HR. The nature of the Company's operations and its principal activities are set out in the Directors' report on pages 1 to 3.

2. Significant accounting policies

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

(a) Basis of preparation

These are the first financial statements to have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union. The disclosures required by IFRS 1 "First-time adoption of IFRS" concerning the transition from UK Generally Accepted Accounting Principles (UK GAAP) to IFRS are set out in note 21.

The financial statements have been prepared under the historical cost convention in accordance with IFRS and International Financial Reporting Interpretations Committee (IFRIC) interpretations as adopted by the European Union, and with those parts of the Companies Act 1985 applicable to companies reporting under IFRS. A summary of the principal accounting policies is set out below, together with an explanation where changes have been made to previous policies on the adoption of new accounting standards in the year.

At the date of approval of these financial statements the following standards and interpretations, which have not been applied in these financial statements, were in issue but not yet effective:

IFRS 3 "Business Combinations" (revised).
IFRS 8 "Operating segments".
IAS 1 "Presentation of financial statements" (revised).
IAS 23 "Borrowing costs" (revised).
IAS 27 "Consolidated and separate financial statements" (revised).
IFRIC 12 "Service concession arrangements".
IFRIC 13 "Customer loyalty programmes".
IFRIC 14 "IAS 19 – The limit on a defined benefit asset, minimum funding requirements and their interaction".

The presentational impact of these standards and interpretations is being assessed and the Directors expect that the adoption of these standards and interpretations in future periods will have no material impact on the financial statements of the Company.

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

(b) First time adoption of IFRS

The Company's date of transition to IFRS was 1 May 2006 and all comparative information in the financial statements has been restated to reflect the Company's adoption of IFRS, except where otherwise required or permitted by IFRS 1 "First Time Adoption of International Financial Reporting Standards".

IFRS 1 required an entity to comply with each IFRS effective at the reporting date for its first IFRS financial statements. As a general principle IFRS 1 requires the standards effective at the reporting date to be applied retrospectively.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

2. **Significant accounting policies (continued)**

(c) Basis of consolidation

The Company is exempt under the provisions of Section 228 of the Companies Act 1985 from the requirement to produce group financial statements (as amended by Section 5 of the Companies Act 1989) as it is a wholly owned subsidiary of Viridor Limited which is registered in the European Economic Area and which itself produces consolidated financial statements. Accordingly the financial statements are presented for the Company as an individual undertaking.

(d) Investment in subsidiary undertakings

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

(e) Cash and cash deposits

Cash and cash deposits comprise cash in hand and short-term deposits held at banks. Bank overdrafts are shown within current borrowings.

(f) Financial assets and liabilities and derivatives

The Company classifies its financial assets in the following categories:

Loans and other receivables

Loans and receivables are non-derivative assets with fixed or determinable payments which are not quoted in an active market and are initially recognised at fair value and subsequently at amortised cost using the effective interest method, less provision for impairment. Except where maturity is in less than twelve months from the balance sheet date, such receivables are classified as non-current.

Gains and losses are recognised in the income statement when the instruments are derecognised or impaired. Premia, discounts and other costs and fees are recognised in the income statement through the amortisation process.

Trade receivables do not carry any interest and are recognised initially at fair value and subsequently at amortised cost using the effective interest method, less provision for impairment. A provision for impairment of trade receivables is established when there is evidence that the Company will not be able to collect all amounts due according to the original terms of the receivables.

The Company classifies its financial liabilities in the following categories:

NOTES TO THE FINANCIAL STATEMENTS (Continued)

2. **Significant accounting policies (continued)**

(f) Financial assets and liabilities and derivatives (continued)

Borrowings and other financial liabilities

Trade payables are not interest bearing and are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method. The effective interest method is a method of calculating the amortised cost of a financial asset or liability and of allocating the interest income or expense over the relevant period.

The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial asset or liability or, where appropriate, a shorter period.

Borrowings are recognised at fair value, net of transaction costs of the consideration received.

Where arising, gains and losses are recognised in the income statement when the instruments are derecognised. Premia, discounts and other costs and fees are recognised in the income statement through the amortisation process.

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

The Company does not use derivative financial instruments.

(g) Taxation including deferred tax

Tax payable for the year is provided at current rates that are substantively enacted. Deferred taxation is provided in full, using the liability method, on temporary differences between the tax basis of assets and liabilities and their carrying amounts in the financial statements. A deferred tax asset is only recognised to the extent it is probable that sufficient taxable profits will be available in the future for it to be utilised.

(h) Share capital

Ordinary shares are classified as equity.

(i) Dividend distributions

Dividend distributions are recognised as a liability in the Company's financial statements in the period in which the dividends are approved by the Company's shareholders. Interim dividends are recognised when paid; final dividends when authorised in general meeting by shareholders.

3. **Financial risk management**

(a) Financial risk factors

The Company receives treasury services from the treasury function of Pennon Group Plc, its ultimate parent company, which seeks to ensure that sufficient funding is available to meet foreseeable needs, maintains reasonable headroom for contingencies and manages interest rate risk.

The principal financial risks faced by the Company can be found in the annual report and financial statements of Viridor Limited, the intermediate holding company.

Financial instruments are used to raise finance and to manage risk. Pennon Group Plc does not engage in speculative activity.

i) *Market risk*

Pennon Group Plc ensures that at least 50% of fixed term interest bearing borrowing available to the Company is at fixed rate. At the year end 100% of borrowings were at fixed rate (2007 97%).

The Company has no significant interest bearing assets upon which the net return fluctuates from market interest. Interest on bank deposits is expected to fluctuate in line with interest payable on floating rate borrowings. Consequently its income and operating cash flows are substantially independent of changes in market interest rates.

The principal market risks faced by the Company can be found in the annual report and financial statements of Viridor Limited, the intermediate holding company.

ii) *Liquidity risk*

Pennon Group Plc actively maintains a mixture of long-term and short-term committed facilities that are designed to ensure that the Company has significant available funds for operations and planned expansions and facilities equivalent to at least one year's forecast requirements are maintained at all times.

Refinancing risk is managed under Pennon Group Plc policies.

iii) *Credit risk*

Credit risk arises from cash and cash deposits with banks and financial institutions.

(b) Capital risk management

The principal capital risks faced by the Company can be found in the annual report and financial statements of Viridor Limited, the intermediate holding company.

(c) Determination of fair values

The determination of fair values is common throughout the Viridor group of companies, details of which can be found in the annual report and financial statements of Viridor Limited, the intermediate holding company.

4. Critical accounting judgements and estimates

The Company's principal accounting policies are set out in note 2. Management is required to exercise significant judgement and make use of estimates and assumptions in the application of these policies.

Areas which management believes require the most critical accounting judgements are :

Carrying value of investment in subsidiaries

The Company's accounting policy for investment in subsidiaries is detailed in note 2. The carrying value of investments at 31 March 2008 was £10,500,000 (2007 £15,753,000).

There are no areas in the financial statements that require significant accounting estimates

5. Segmental reporting

The Company operated solely within the UK in one class of business during the year.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

6. Operating costs

	2008	2007
	£000	£000

Fees payable to the Company's auditors in the year were as follows :

	2008	2007
	£000	£000
Audit services		
- Fees payable to the Company's auditors for the audit of the Company's accounts	-	1
	-	1

The audit fee for the current period, payable to PricewaterhouseCoopers LLP has been paid by Viridor Electrical Recycling Limited and not recharged to the Company. The audit fee for the prior year was payable to the previous auditors, Finlaysons.

7. Net finance costs

	2008	2007
	£000	£000
Finance income		
Bank interest	-	1
	-	1
Finance costs		
Bank borrowings and overdrafts	-	(85)
Other loans	**(526)**	(591)
	(526)	(676)
Net finance costs	**(526)**	(675)

NOTES TO THE FINANCIAL STATEMENTS (Continued)

8. **Taxation**

Analysis of charge in year	**2008 £000**	2007 £000
Continuing operations		
Current tax	**(371)**	(282)
	(371)	(282)

UK Corporation tax is calculated at 30% (2007 30%) of the estimated assessable profit for the year. The tax for the year differs from the amount that would arise using the standard rate of corporation tax in the UK (30%). The differences are:

	2008 £000	2007 £000
Loss before tax	**(5,779)**	(676)
Profit before tax multiplied by standard rate of corporation tax in the UK of 30% (2007: 30%)	**(1,734)**	(203)
Effects of :		
Expenses not deductible for tax purposes	**1,363**	(79)
Tax charge for year	**(371)**	(282)

The average applicable tax rate for the year was 6% (2007 42%).

The standard rate of corporation tax in the UK changes to 28% with effect from 1 April 2008. This has no impact on the current year's financial statements as the Company has no deferred tax balances.

9. **Employment costs**

The company has no employees.

10. **Directors' emoluments**

	2008 £000	2007 £000
Salary	**138**	138
Total emoluments	**138**	138

The Directors serving in the year, whilst contracted to other group companies, provide services to fellow subsidiaries, for which those subsidiaries are charged a proportion of emoluments. Due to the short period of time between the date of appointment and the year end, no amount has been charged in the current period in respect of their services as directors to the Company.

The emoluments of the highest paid director were:

	2008 £000	2007 £000
Total amount of emoluments and amounts (excluding shares) receivable under long–term incentive schemes	**69**	75
Accrued pension at end of year	**-**	-

At 31 March 2008 retirement benefits were accruing to 4 Directors, (2007 no Directors) under defined benefit pension schemes operated by the ultimate parent company.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

11. **Investments**

	Subsidiary undertakings £	Total £000
At 1 April 2006	15,753	15,753
At 31 March 2007	15,753	15,753
Impairment	(5,253)	(5,253)
At 31 March 2008	**10,500**	**10,500**

All investments are in equity shares.

Details of the investments held by the company at 31 March 2008:

Name of company	*Country of incorporation*	*Percent of ordinary shares held*	*Nature of business*
Viridor Electrical Recycling Limited	Scotland	**100%**	Waste management

At 31 March 2008 Viridor Electrical Recycling Limited had net assets of £8,095,000 and its profit for the period then ended was £483,000.

On 20 March 2008 the Company was acquired by Viridor Waste Management Limited for £10,500,000. Following this transaction, the Directors reviewed the carrying value of the Company's investments in subsidiaries and recorded an impairment charge of £5,253,000 to reflect their market value.

12. **Financial instruments by category**

	Note	Loans and other receivables £000	Amortised cost Other financial liabilities £000	Total £000
31 March 2008				
Financial assets				
Trade and other receivables	13	54	-	54
Total		54	-	54
Financial liabilities				
Borrowings	15	-	(11,086)	(11,086)
Trade and other payables	14	-	(6,045)	(6,045)
Total		-	(17,131)	(17,131)
30 April 2007				
Financial assets				
Trade and other receivables	13	36	-	36
Total		36	-	36

NOTES TO THE FINANCIAL STATEMENTS (Continued)

12. Financial instruments by category (continued)

	Note	Amortised cost Loans and other receivables £000	Amortised cost Other financial liabilities £000	Total £000
Financial liabilities				
Borrowings	15	-	(10,152)	(10,152)
Trade and other payables	14	-	(6,806)	(6,806)
Total		-	(16,958)	(16,958)

13. Trade and other receivables

	2008 £000	2007 £000
Amounts owed by subsidiaries	**54**	36
	54	36

The Directors consider that the carrying amount of all receivables approximates to their fair value.

14. Trade and other payables

	2008 £000	2007 £000
Amounts owed to subsidiaries	**6,045**	6,096
Accruals	**-**	710
	6,045	6,806

The Directors consider that the carrying amount of all payables approximates to their fair value.

15. Borrowings

	2008 £000	2007 £000
Current		
Bank loans and overdrafts	**-**	302
Loans from parent undertaking	**11,086**	-
Other borrowings	**-**	9,850
	11,086	10,152

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

Other borrowings consist of loans from Mr S M Howie. During the year the loan, together with accrued interest was transferred to Viridor Waste Management Limited, who paid Mr S M Howie in full.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

15. **Borrowings (continued)**
The effective interest rates at the balance sheet date and the exposure to interest rate changes and the repricing dates was :

	Effective Rate %	6 months or less £m	6 -12 months £m	1-2 years £m	2- 5 years £m	Total £m
31 March 2008						
Loans from parent undertaking	0.0	11,086	-	-	-	11,086
		11,086	-	-	-	11,086
30 April 2007						
Bank loans and overdrafts	5.0	302	-	-	-	302
Other borrowings	6.0	9,850	-	-	-	9,850
		10,152	-	-	-	10,152

16. **Share capital**

	2008 £000	2007 £000
Authorised		
1,000 ordinary shares of £1 each (2007 1,000 ordinary shares of £1 each)	**1**	1

	2008 £	2007 £
Allotted, called up and fully paid		
800 ordinary share of £1 (2007 800 ordinary share of £1)	**800**	800

17. **Cash flow from operating activities**

Reconciliation of profit to cash generated from operations :

Cash generated from operations

	2008 £000	2007 £000
Continuing operations		
Loss for the year	**(5,408)**	(395)
Adjustments for :		
Impairment of investment	**5,253**	-
Interest payable and similar charges	**526**	676
Interest receivable	**-**	1
Taxation	**(371)**	(281)
Changes in working capital		
Increase in trade and other receivables	**-**	(11)
Increase in trade and other payables	**302**	4,701
Cash generated from operations	**302**	4,691

NOTES TO THE FINANCIAL STATEMENTS (Continued)

18. **Related party transactions**

Year end balances		**2008**	2007
		£000	£000
Receivables due from related parties			
Shore Recycling (Ozone) Ltd		**54**	36
Payables due to related parties			
Viridor Waste Management Ltd		**11,086**	-
Viridor Electrical Recycling Ltd		**6,045**	6,096
Mr S M Howie	- loan	-	9,850
	- accrued interest	-	710

During the year, the Company accrued interest of £526,000 (2007 £676,000) on the loan from Mr S M Howie described in note 15. During the year, the loan was transferred to Viridor Waste Management Limited who repaid Mr S M Howie in full.

19. **Post balance sheet events**

On the 30 November 2008 the trade, contracts and net assets of Shore Recycling (Ozone) Limited, a wholly owned subsidiary of Viridor Electrical Recycling Limited (formerly Shore Recycling Limited), a wholly owned subsidiary of the Company, were transfered at net book value to Viridor Waste Management Ltd the immediate parent of the Company and the subsidiary ceased trading at this date.

In July 2008, a major fire at the Shore Recycling (Ozone) Limited facility, significantly impaired production capacity, for which ongoing negotiations with the insurers underwriters are taking place.

In August 2008, a major fire at the Viridor Electrical Recycling Limited facility , significantly impaired production capacity, for which ongoing negotiations with the insurers underwriters are taking place.

Neither event is likely to cause significant long term losses to the Company or its subsidiaries, with the only material risk identified being a possible rise in insurance premiums.

20. **Ultimate parent undertaking**

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

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

The ultimate parent company and controlling party is Pennon Group Plc which is registered in England. Group financial statements are included in the Annual Report of Pennon Group Plc which is available from Peninsula House, Rydon Lane, Exeter, EX2 7HR.

21. **Explanation of transition to IFRS**

The Company reported under UK GAAP in its previous financial statements for the year ended 30 April 2007. The date of transition to IFRS for the company was 1 May 2006.

There are no significant differences between the results and financial position of the reported under IFRS and those reported under UK GAAP.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

22. **Going concern**

The Company has net liabilities at 31 March 2008. The accounts have been prepared on a going concern basis as a result of a guarantee from the parent company that sufficient finance will be provided to enable the company to meet its obligations as they fall due for the period of at least 1 year from the date of approval of these financial statements.