

Registered Number: SC271115

VIRIDOR ELECTRICAL RECYCLING (HOLDINGS) LIMITED

**ANNUAL REPORT
AND
FINANCIAL STATEMENTS FOR THE
YEAR ENDED 31 MARCH 2011**

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VIRIDOR ELECTRICAL RECYCLING (HOLDINGS) LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

for the year ended 31 March 2011

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VIRIDOR ELECTRICAL RECYCLING (HOLDINGS) LIMITED

DIRECTORS' REPORT

The Directors present their report and financial statements for the year ended 31 March 2011.

PRINCIPAL ACTIVITIES

The Company's principal activity during the period continued to be that of a holding company. The financial statements have been prepared on the going concern basis which is appropriate due to the continued financial support of the ultimate parent company, Pennon Group Plc. The directors have received confirmation that as long as the Company remains a subsidiary within the Pennon Group Plc group of companies, it is its present intention to support the Company to meet all its financial obligations as they fall due.

BUSINESS REVIEW

Financial Results

The Company received no investment income during the year (2010 nil).

Principal risks and uncertainties

As the Company's subsidiary and sub-subsidiary have ceased trading, the Company faces no further risks, having written down its investments to the net asset value of its subsidiary undertaking at the date of cessation.

Dividends

The Directors do not recommend the payment of any dividend (2010 nil).

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 year were:

T H M Liddell
M Hellings
D B Robertson (resigned 31 March 2011)
B S Hurley
C A Paterson
A M D Kirkman (appointed 1 April 2011)

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.

VIRIDOR ELECTRICAL RECYCLING (HOLDINGS) LIMITED

DIRECTORS' REPORT (Continued)

DIRECTORS' RESPONSIBILITIES STATEMENT (continued)

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 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.

AUDITORS

In accordance with the Companies Act 1985 (Audit Exemption) (Amendment) Regulations 2000, the Company, as a dormant company and entitled to certain exemptions conferred by the Companies Act 2006, is exempt from audit.

By Order of the Board



M L HEELEY
Secretary

31 | 10 | 2011

VIRIDOR ELECTRICAL RECYCLING (HOLDINGS) LIMITED

Balance sheet at 31 March 2011

| | Notes | 2011 £000 | 2010 £000 |
|----------------------------------------|-------|-----------------|-----------------|
| Assets | | | |
| Non-current assets | | | |
| Investment in subsidiary undertaking | 4 | <u>6,855</u> | <u>6,855</u> |
| Current assets | | | |
| Trade and other receivables | 6 | <u>54</u> | <u>54</u> |
| Liabilities | | | |
| Current liabilities | | | |
| Borrowings | 8 | (11,086) | (11,086) |
| Trade and other payables | 7 | (6,045) | (6,045) |
| | | <u>(17,131)</u> | <u>(17,131)</u> |
| Net current liabilities | | <u>(17,077)</u> | <u>(17,077)</u> |
| Net liability | | <u>(10,222)</u> | <u>(10,222)</u> |
| Shareholders' equity | | | |
| Share capital | 9 | 1 | 1 |
| Share premium | 10 | 799 | 799 |
| Accumulated losses | 11 | (11,022) | (11,022) |
| Deficit of shareholders' equity | | <u>(10,222)</u> | <u>(10,222)</u> |

The notes on pages 4 to 8 form part of these financial statements.

- (a) For the year ended 31 March 2011 the Company was entitled to the exemption under Section 480 of the Companies Act 2006.
- (b) Members have not required the Company to obtain an audit of the financial statements for the year ended 31 March 2011 in accordance with Sections 476 of the Companies Act 2006.
- (c) The Directors acknowledge their responsibilities for:
 - (i) ensuring that the Company keeps accounting records as required by legislation; and
 - (ii) the preparation of accounts that give a true and fair view of the state of affairs of the Company as at the end of the financial year, and of its profit or loss for the financial year, in accordance with the requirements of Section 393 of the Companies Act 2006, and which otherwise comply with the requirements of the Companies Act relating to financial statements, so far as applicable to the Company.

The financial statements on pages 3 to 8 were approved by the Board of Directors on 31 October 2011 and were signed on its behalf by :



A M D KIRKMAN
Director

Registered number SC271115

Statement of changes in equity

The Company did not trade during the year ended 31 March 2011 therefore there were no changes in equity.

VIRIDOR ELECTRICAL RECYCLING (HOLDINGS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

1. General information

Viridor Electrical Recycling (Holdings) Limited is a company registered in the United Kingdom under the Companies Act 2006. The address of the registered office is Edinburgh Quay, 133 Fountainbridge, Edinburgh, Midlothian, EH3 9AG. The nature of the Company's operations and its principal activities are set out in the Directors' Report on pages 1 and 2.

2. Principal 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.

(a) Basis of preparation

These financial statements have been prepared on the historical cost accounting basis and in accordance with International Financial Reporting Standards ('IFRS'), and International Financial Reporting Interpretations Committee ('IFRIC') interpretations as adopted by the European Union, and with those parts of the Companies Act 2006 applicable to companies reporting under IFRS. A summary of the principal accounting policies is set out below. No changes have been made to previous policies.

The going concern basis has been adopted in preparing these financial statements.

The following revised standards, amended standards and interpretations, which are mandatory for the first time in the financial year beginning 1 April 2010, are relevant to the Company but have no material impact:

| | |
|--------|-------------------------------------------|
| IFRS 1 | "First-time adoption of IFRS" (revised) |
| IFRS 1 | "First-time adoption of IFRS" (amendment) |
| IFRS 2 | "Share-based payment" (amendment) |
| IFRS 3 | "Business combinations" (revised) |

Improvements to IFRS 2009

| | |
|----------|------------------------------------------------------------------|
| IAS 27 | "Consolidated and separate financial statements (revised) |
| IAS 32 | "Financial instruments: presentation" (amendment) |
| IAS 39 | "Financial instruments: recognition and measurement" (amendment) |
| IFRIC 15 | "Agreement for construction of real estate" |
| IFRIC 16 | "Hedges of a net investment in a foreign operation" |
| IFRIC 17 | "Distribution of non-cash assets to owners" |

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

| | |
|---------|-----------------------------------------------------------------------------------------------------------|
| IFRS 1 | "First-time adoption of IFRS" (amendment) (hyperinflation exemptions and fixed date for IFRS transition)* |
| IFRS 1 | "First-time adoption of IFRS" (amendment) (limit exemptions from IFRS 7 disclosures) |
| IFRS 7 | "Financial instruments: disclosure on derecognition" (amendment)* |
| IFRS 9 | "Financial instruments" |
| IFRS 10 | "Consolidated financial statements"* |
| IFRS 11 | "Joint arrangements"* |
| IFRS 12 | "Disclosure of interests in other entities"* |
| IFRS 13 | "Fair value measurement"* |

Improvements to IFRS 2010

| | |
|----------|---------------------------------------------------------------|
| IAS 12 | "Income taxes" (amendment)* |
| IAS 24 | "Related party disclosures" (revised) |
| IAS 27 | "Separate financial statements" (revised)* |
| IAS 28 | "Investments in associates and joint ventures" (revised)* |
| IFRIC 14 | "Prepayments of a minimum funding requirement" (amendment) |
| IFRIC 19 | "Extinguishing financial liabilities with equity instruments" |

* Denotes not yet endorsed for use in the European Union

VIRIDOR ELECTRICAL RECYCLING (HOLDINGS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Continued)

2. Principal accounting policies (continued)

(a) Basis of preparation (continued)

The presentational impact of these standards and interpretations is being assessed. 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) Basis of consolidation

The Company is exempt under the provisions of Section 400 of the Companies Act 2006 from the requirement to produce group financial statements 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. Group financial statements are included in the Annual Report of Pennon Group Plc which is available from Peninsula House, Rydon Lane, Exeter, Devon, EX2 7HR.

(c) 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.

(d) Derivatives and financial instruments

The Company classifies its financial instruments in the following categories:

Other receivables

Other 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 receivables is established when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of the receivables.

Other payables

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

The Company does not use derivative financial instruments.

(e) Share capital

Ordinary shares are classified as equity.

3. 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.

The area which management believes require the most critical accounting judgements is :

Carrying value of investment in subsidiaries

The Company's accounting policy for investment in subsidiaries is detailed in note 2. The carrying value of investment at 31 March 2011 was £6,855,000 (2010 £6,855,000).

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

VIRIDOR ELECTRICAL RECYCLING (HOLDINGS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Continued)

4. Investment in subsidiary undertaking

| | £000 |
|------------------|-------|
| At 1 April 2009 | 6,855 |
| At 31 March 2010 | 6,855 |
| At 31 March 2011 | 6,855 |

The investment is in equity shares.

Details of the investment held by the Company at 31 March 2011:

| <i>Name of company</i> | <i>Country of incorporation</i> | <i>Percent of ordinary shares held</i> | <i>Nature of business</i> |
|--------------------------------------|---------------------------------|----------------------------------------|---------------------------|
| Viridor Electrical Recycling Limited | Scotland | 100% | Dormant |

At 31 March 2011 Viridor Electrical Recycling Limited had net assets of £6,855,000 and did not trade during the year.

5. Financial instruments by category

| | | Amortised cost | | |
|------------------------------|------|----------------------------|-------------------------------------|------------|
| | Note | Loans and receivables £000 | Trade receivables and payables £000 | Total £000 |
| 31 March 2011 | | | | |
| Financial assets | | | | |
| Trade and other receivables | 6 | - | 54 | 54 |
| Financial liabilities | | | | |
| Borrowings | 8 | (11,086) | - | (11,086) |
| Trade and other payables | 7 | - | (6,045) | (6,045) |
| Total | | (11,086) | (6,045) | (17,131) |
| 31 March 2010 | | | | |
| Financial assets | | | | |
| Trade and other receivables | 6 | - | 54 | 54 |
| Financial liabilities | | | | |
| Borrowings | 8 | (11,086) | - | (11,086) |
| Trade and other payables | 7 | - | (6,045) | (6,045) |
| Total | | (11,086) | (6,045) | (17,131) |

6. Trade and other receivables - current

| | 2011 £000 | 2010 £000 |
|-----------------------------------------|--------------|--------------|
| Amounts owed by subsidiary undertakings | 54 | 54 |

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

7. Trade and other payables – current

| | 2011 £000 | 2010 £000 |
|-----------------------------------------|--------------|--------------|
| Amounts owed to subsidiary undertakings | 6,045 | 6,045 |

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

VIRIDOR ELECTRICAL RECYCLING (HOLDINGS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Continued)

8. Borrowings

| | 2011 £000 | 2010 £000 |
|----------------------------------------------|---------------|---------------|
| Current | | |
| Amounts owed to immediate parent undertaking | <u>11,086</u> | <u>11,086</u> |

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

The effective interest rates at balance sheet date and the exposure to interest rate changes and the repricing dates were:

| | Effective rate % | 6 months or less £000 |
|----------------------------------------------|------------------------|-----------------------------|
| 31 March 2011 | | |
| Amounts owed to immediate parent undertaking | nil | <u>11,086</u> |
| 31 March 2010 | | |
| Amounts owed to immediate parent undertaking | nil | <u>11,086</u> |

9. Share capital

| | Authorised £ | Allotted, called up and fully paid £ |
|----------------------------------|-----------------|--------------------------------------------------|
| At 1 April 2009 | | |
| 1,000 ordinary shares of £1 each | 1,000 | - |
| 800 ordinary shares of £1 each | - | 800 |
| At 31 March 2010 | <u>1,000</u> | <u>800</u> |
| At 31 March 2011 | <u>1,000</u> | <u>800</u> |

10. Share premium

| | £000 |
|------------------|------------|
| At 1 April 2009 | <u>799</u> |
| At 31 March 2010 | <u>799</u> |
| At 31 March 2011 | <u>799</u> |

11. Accumulated losses

| | £000 |
|------------------|---------------|
| At 1 April 2009 | <u>11,022</u> |
| At 31 March 2010 | <u>11,022</u> |
| At 31 March 2011 | <u>11,022</u> |

VIRIDOR ELECTRICAL RECYCLING (HOLDINGS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Continued)

12. Related party transactions

There were no transactions with related parties during the year (2010 none).

| Year end balances | 2011 £000 | 2010 £000 |
|---------------------------------------------|--------------|--------------|
| <i>Receivables due from related parties</i> | | |
| Shore Recycling (Ozone) Limited | 54 | 54 |
| <i>Payables due to related parties</i> | | |
| Viridor Waste Management Limited | 11,086 | 11,086 |
| Viridor Electrical Recycling Limited | 6,045 | 6,045 |

13. 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, Devon, EX2 7HR.

The ultimate parent company and controlling party is Pennon Group Plc which is registered in England; this is the largest group into which the Company's results are consolidated. Group financial statements are included in the Annual Report of Pennon Group Plc which is available from Peninsula House, Rydon Lane, Exeter, Devon, EX2 7HR.