

Registered Number: SC271115

VIRIDOR ELECTRICAL RECYCLING (HOLDINGS) LIMITED

**ANNUAL REPORT
AND
FINANCIAL STATEMENTS FOR THE
YEAR ENDED 31 MARCH 2010**

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VIRIDOR ELECTRICAL RECYCLING (HOLDINGS) LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

for the year ended 31 March 2010

<u>CONTENTS</u>	<u>PAGE</u>
Directors' Report	1
Income Statement	3
Statement of Comprehensive Income	3
Balance Sheet	4
Statement of Changes in Equity	5
Cash flow Statement	6
Notes to the Financial Statements	7

VIRIDOR ELECTRICAL RECYCLING (HOLDINGS) LIMITED

DIRECTORS' REPORT

The Directors present their report and financial statements for the year ended 31 March 2010.

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 (2009 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 (2009 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
B S Hurley
C A Paterson
M A Todd (resigned 3 June 2009)

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.

ANNUAL GENERAL MEETING

Pursuant to the changes introduced in the Companies Act 2006, the company does not intend to hold an Annual General Meeting.

By Order of the Board



M L Heeley
Secretary

16/12/2010

VIRIDOR ELECTRICAL RECYCLING (HOLDINGS) LIMITED

Income statement for the year ended 31 March 2010

	Notes	2010 £000	2009 £000
Operating costs			
Impairment of investment	4	-	(3,645)
Operating loss		<u>-</u>	<u>(3,645)</u>
Loss before tax		<u>-</u>	<u>(3,645)</u>
Taxation	5	-	-
Loss for the year		<u>-</u>	<u>(3,645)</u>
Loss attributable to equity shareholders		<u>-</u>	<u>(3,645)</u>

Statement of comprehensive income for the year ended 31 March 2010

There was no comprehensive income or loss other than the loss for 2009.

The notes on pages 7 to 12 form part of these financial statements.

VIRIDOR ELECTRICAL RECYCLING (HOLDINGS) LIMITED

Balance sheet at 31 March 2010

	Notes	2010 £000	2009 £000
Assets			
Non-current assets			
Investment in subsidiary undertaking	7	6,855	6,855
Current assets			
Trade and other receivables	9	54	54
Liabilities			
Current liabilities			
Borrowings	11	(11,086)	(11,086)
Trade and other payables	10	(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	12	1	1
Share premium	13	799	799
Accumulated losses	14	<u>(11,022)</u>	<u>(11,022)</u>
Deficit of shareholders' equity		<u>(10,222)</u>	<u>(10,222)</u>

The notes on pages 7 to 12 form part of these financial statements.

- (a) For the year ended 31 March 2010 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 2010 in accordance with Sections 476 of the Companies Act 2006.
- (c) The Directors acknowledge their responsibilities for:
- ensuring that the Company keeps accounting records as required by legislation; and
 - 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 12 were approved by the Board of Directors on 16 December 2010 and were signed on its behalf by :



D B Robertson
Director

Registered number SC271115

VIRIDOR ELECTRICAL RECYCLING (HOLDINGS) LIMITED

Statement of changes in equity

	Share capital £000	Share premium £000	Accumulated losses £000	Total equity £000
As at 1 April 2008	1	799	(7,377)	(6,577)
Loss for the year	-	-	(3,645)	(3,645)
As at 31 March 2009	1	799	(11,022)	(10,222)
As at 31 March 2010	1	799	(11,022)	(10,222)

The notes on pages 7 to 12 form part of these financial statements.

VIRIDOR ELECTRICAL RECYCLING (HOLDINGS) LIMITED

Cash flow statement for the year ended 31 March 2010

	Notes	2010 £000	2009 £000
Cash flows from operating activities			
Cash generated from operations	15	-	-
Net cash flow from operating activities		<hr/> -	<hr/> -
Net increase in cash and cash equivalents		-	-
Cash and cash equivalents at beginning of the year		-	-
Cash and cash equivalents at end of the year		<hr/> -	<hr/> -

The notes on pages 7 to 12 form part of these financial statements.

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 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 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 in accordance with International Financial Reporting Standards (IFRS), using the historical cost convention and going concern assumption, and International Financial Reporting Interpretations Committee (IFRIC) interpretations as adopted by the European Union, 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, together with an explanation where changes have been made to previous policies on the adoption of new accounting standards in the year.

The following revised standard, amended standard, new standard and interpretation of existing standard have been adopted as of 1 April 2009 and are relevant to the Company:

IAS 1 "Presentation of financial statements" (revised)

The revised standard requires non-owner changes in equity to be presented separately from owner changes in equity. The Company has elected to present two statements; an income statement and a statement of comprehensive income.

IFRS 7 "Financial Instruments: Disclosures" (amendment)

The amended standard requires the classification of fair value measurements using a fair value hierarchy which reflects the significance of the inputs used in making the measurement. As the Company holds no derivative financial instruments, the adoption of this standard has no impact on the financial statements

The following revised standards, amended standards and interpretations, which are mandatory for the first time in the financial year beginning 1 April 2009, are relevant to the Company but have no material impact:

IAS 23 "Borrowing costs" (revised)

IFRS 2 "Share-based payment" (amendment)

IAS 32 "Financial instruments: presentation" (amendment) and consequential amendments to IAS 1 "Presentation of financial statements"

Improvements to IFRSs 2008

IAS 39 "Financial instruments: recognition and measurement" (amendment) and consequential amendments to IFRS 7 "Financial instruments: disclosures"

IFRIC 9 & IAS 39 "Reassessment of embedded derivatives" amendments to IFRIC 9 and IAS 39 regarding embedded derivatives"

IFRIC 12 "Service concession arrangements"

IFRIC 14 "IAS 19 – the limit on a defined benefit asset, minimum funding requirements and their interaction"

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:

IAS 27 "Consolidated and separate financial statements" (revised)

IFRS 3 "Business combinations" (revised)

Improvements to IFRSs 2009

IFRS 2 "Share-based payment" (amendment)

VIRIDOR ELECTRICAL RECYCLING (HOLDINGS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Continued)

2. Principal accounting policies (continued)

(a) Basis of preparation (continued)

IFRS 1	"First-time adoption of IFRS" (revised)
IAS 32	"Financial instruments: presentation"
IFRS 9	"Financial instruments"
IAS 24	"Related party disclosures"
IFRS 1	"First-time adoption of IFRS" (amendment)
IFRIC 14	"Prepayments a minimum funding requirement"
IFRIC 15	"Agreements for the construction of real estate"
IFRIC 16	"Hedges of a net investment in a foreign operation"
IFRIC 17	"Distribution of non-cash assets to owners"
IFRIC 18	"Transfers of assets from customers"
IFRIC 19	"Extinguishing financial liabilities with equity instruments"

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. Details of critical accounting judgements and estimates are set out in note 4.

(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, 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.

VIRIDOR ELECTRICAL RECYCLING (HOLDINGS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Continued)

2. Principal accounting policies (continued)

(e) Taxation

The tax charge for the year is calculated on the basis of tax laws enacted or substantively enacted at balance sheet date.

Where a wholly owned subsidiary within the Viridor group incurs a loss for tax purposes, that loss is surrendered to tax paying companies within the group at nil value. Where the surrendering or claimant company is not wholly owned, the surrender takes place at a consideration based on the discounted value of the tax losses available.

(f) 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 investments at 31 March 2010 was £6,855,000 (2009 £6,855,000).

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

4. Operating costs

	2010 £000	2009 £000
Impairment of investment (note 7)	-	3,645

No audit fees were incurred by the Company in the year (2009 nil).

5. Taxation

Analysis of charge in year	2010 £000	2009 £000
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Current tax	-	-
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UK Corporation tax is calculated at 28% (2009 28%) 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 (28%). The differences are:

	2010 £000	2009 £000
Loss before tax	-	(3,645)
Loss before tax multiplied by standard rate of corporation tax in the UK of 28% (2009: 28%)	-	(1,021)
Effects of:		
Expenses not deductible for tax purposes	-	1,021
Tax charge for year	-	-

The average applicable tax rate for the year was nil (2009 nil).

VIRIDOR ELECTRICAL RECYCLING (HOLDINGS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Continued)

6. Directors' emoluments

No emoluments were paid to the Directors in respect of their services to the Company during the year ended 31 March 2010 (2009 nil)

7. Investment in subsidiary undertaking

	£000
At 1 April 2008	10,500
Impairment	(3,645)
At 31 March 2009	6,855
At 31 March 2010	6,855

The investment is in equity shares.

Details of the investment held by the Company at 31 March 2010:

<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 2010 Viridor Electrical Recycling Limited had net assets of £6,855,000 and did not trade during the year.

8. Financial instruments by category

		Amortised cost		
	Note	Loans and receivables £000	Trade receivables and payables £000	Total £000
31 March 2010				
Financial assets				
Trade and other receivables	9	-	54	54
Financial liabilities				
Borrowings	11	(11,086)	-	(11,086)
Trade and other payables	10	-	(6,045)	(6,045)
Total		(11,086)	(6,045)	(17,131)
31 March 2009				
Financial assets				
Trade and other receivables	9	-	54	54
Financial liabilities				
Borrowings	11	(11,086)	-	(11,086)
Trade and other payables	10	-	(6,045)	(6,045)
Total		(11,086)	(6,045)	(17,131)

9. Trade and other receivables - current

	2010 £000	2009 £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.

VIRIDOR ELECTRICAL RECYCLING (HOLDINGS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Continued)

10. Trade and other payables – current

	2010 £000	2009 £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.

11. Borrowings

	2010 £000	2009 £000
Current		
Amounts owed to immediate parent undertaking	11,086	11,086

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 2010		
Amounts owed to immediate parent undertaking	nil	11,086
31 March 2009		
Amounts owed to immediate parent undertaking	nil	11,086

12. Share capital

	Authorised £	Allotted, called up and fully paid £
At 1 April 2008		
1,000 ordinary shares of £1 each	1,000	-
800 ordinary shares of £1 each	-	800
At 31 March 2009	1,000	800
At 31 March 2010	1,000	800

13. Share premium

	£000
At 1 April 2008	799
At 31 March 2009	799
At 31 March 2010	799

14. Accumulated losses

	£000
At 1 April 2008	7,377
Loss for the year	3,645
At 31 March 2009	11,022
At 31 March 2010	11,022

VIRIDOR ELECTRICAL RECYCLING (HOLDINGS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Continued)

15. Cash flow from operating activities

Reconciliation of profit to cash generated from operations :

Cash generated from operations

	2010 £000	2009 £000
Loss for the year	-	(3,645)
Adjustments for :		
Impairment of investment	-	3,645
Cash generated from operations	-	-

16. Related party transactions

There were no transactions with related parties during the year (2009 none).

Year end balances	2010 £000	2009 £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

17. 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; 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, EX2 7HR.