



Viridor Waste Kent Limited

Annual Report and Financial Statements

for the Year Ended 31 March 2021



Viridor Waste Kent Limited

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Viridor Waste Kent Limited

Strategic Report for the Year Ended 31 March 2021

The directors present their strategic report for the year ended 31 March 2021.

PRINCIPAL ACTIVITIES

The principal activity of the company is the provision of waste management services and renewable energy to customers in the South East of England. Its primary competencies are in landfill disposal, recycling, waste collection focusing primarily on the industrial and commercial market, and operating materials recycling facilities ('MRFs'), waste transfer stations, treatment plants, household waste recycling centre ('HWRC'), and composting facilities in that region.

BUSINESS REVIEW

Financial results

Revenue decreased by £8,257,000 from last year to £48,413,000 (2020: £56,670,000).

Operating profit before interest, tax, depreciation and non-underlying items was £3,698,000 (2020: £4,721,000).

Net finance costs were £1,288,000 (2020: £1,408,000).

The Company's taxation position results in a credit for current tax of £42,000 (2020: credit of £200,000) and a credit for deferred tax of £590,000 (2020: charge of £425,000).

Investment

Capital expenditure in the year totalled £6,416,000 (2020: £1,119,000). The Company is committed to ensuring the facilities and equipment used in its operations continue to meet the highest environmental standards.

Financing

Significant funding facilities are in place to cover both medium and long-term requirements, including finance leasing and loans from the intermediate parent undertaking and fellow subsidiaries. The Directors confirm that the Company can meet its short-term requirements from existing facilities without breaching covenants or other borrowing restrictions.

Dividends and reserves

No interim dividends were paid in the year (2020: no dividends were paid). The Directors do not recommend the payment of a final dividend (2020: nil).

The transfer to retained earnings for the year was minus £2,693,000 (2020: transfer to retained earnings £679,000).

The balance in retained earnings at 31 March 2021 is in an accumulated losses position totalling £5,172,000 (2020: £2,479,000).

Principal risks and uncertainties

From the perspective of the Company, the principal risks and uncertainties are integrated with the principal risks of the Viridor Group and are not separately managed. Accordingly, the principal risks and uncertainties of Viridor Limited, which include those of the Company, are discussed on pages 9 to 12 of Viridor Limited's Annual Report and Financial Statements which does not form part of this Report.

Financial risk management

The Company's activities expose it to a variety of financial risks; market risk (interest rate risk), liquidity risk and credit risk. Further information on the Company's management of these risks is given in note 3 of these financial statements.

Key performance indicators ('KPI's')

The directors of Viridor Limited (the smallest Group in which these financial statements are consolidated), manage the Viridor Group's operations on a fully integrated 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 the business of the Company. The development, performance and position of the Viridor Group's operations, including those of the Company, are discussed on pages 2 to 7 of Viridor Limited's Annual Report and Accounts which does not form part of this Report.

Viridor Waste Kent Limited

Strategic Report for the Year Ended 31 March 2021 (continued)

Section 172 Statement

The directors are aware of their duty under section 172 of the Companies Act 2006 to act in a way which they consider in good faith, would be most likely to promote the success of the Company for the benefit of the members as a whole and, in doing so, have regard to the matters set out in section 172(1) (a) - (f). Examples of how the Board approaches its decision making, in light of its obligations under section 172, and ensuring wider stakeholder engagement, are set out below.

S172(1)(a) The likely consequences of any decision in the long term

Our strategic objectives are; Leadership in UK waste, Leadership in cost base efficiency and Driving sustainable growth. Our strategic objectives, which are set and monitored through a rolling long-term strategic planning process, ensure we work towards achieving long term growth in a sustainable way. In approving the strategic objectives, we also consider a host of external factors, such as the evolving economic and market conditions. The latest sustainability report for Viridor, which contains information on our performance against the sustainability development goals, is available on our website www.viridor.co.uk.

S172(1)(b) The interests of the Company's employees

The company is focused on employee engagement and communication, promoting a diverse and inclusive workforce and the continued development of people in a safe working environment.

S172(1)(c) The need to foster the company's business relationships with suppliers, customers and others

We demonstrate continued commitment to delivering quality of service, value for money and satisfaction to our customers. We continue to foster key strategic and commercial relationships with our supply chain partners, with a focus on quality and sustainability, and focused delivery across the entire supply chain.

We have open dialogue and transparent engagement with our regulatory bodies, policy makers and other stakeholders who shape our social contract.

S172(1)(d) The impact of the Company's operations on the community and the environment

We are committed to providing educational programmes and community sponsorships and engaging in charity support initiatives and outreach events across our regions of operation. We maintain a proactive and positive relationship with our key environmental regulator, the Environment Agency.

S172(1)(e) The desirability of the company maintaining a reputation for high standards of business conduct

We ensure a transparent approach to conducting business in a responsible manner, with a focus on maintaining good governance. The codes of conduct and policies which apply across our group are regularly updated to ensure the highest of standards are adhered to.

S172(1)(f) The need to act fairly as between members of the company

For the year under review we have been a wholly owned subsidiary of KKR Aggregator L.P., with their Chief Executive and Chief Financial Officer also sitting on our Board. Relevant decisions of the Board are also discussed, where relevant, at the meetings of the parent company board. Our Chief Executive has attended each of the meetings of the Board of KKR Aggregator L.P., during the year.

Environmental impacts

The Company keeps a strong focus on environmental performance and responsibilities, working closely with environmental regulators (the Environment Agency, Scottish Environment Protection Agency and Natural Resources Wales) to maintain high standards of operations and compliance, and to further reduce the risk of pollution incidents. In addition to the services the company offers its customers for the safe management, treatment and disposal of hazardous wastes, the Company's environment policy clearly commits us to minimising hazardous wastes used or produced and any impacts arising, as well as any (non-greenhouse gases) emissions to air. This is monitored via the performance, compliance and reporting of the Company's operating environmental permit conditions.

Viridor Waste Kent Limited

Strategic Report for the Year Ended 31 March 2021 (continued)

FUTURE DEVELOPMENTS

The geographic location of the Company's sites and difficulty in achieving planning consents for competing new sites provides the Company with strong competitive advantage, despite the anticipated long-term decline in future landfill volumes arising from the diversion of municipal waste.

Viridor Group Restructure - Transfer out of recycling trade and assets

Since the year end the Company has transferred its trade and assets in relation to the Crayford materials recycling facility and Rochester Plastics recycling facility to fellow subsidiaries of Viridor Limited.

The assets were transferred at book value and no consideration was receivable for the transfer of the trade, being a common control transaction.

COVID-19 - Resilient operations in unprecedented times

It has been a difficult and challenging year for our people and we have kept safety and wellbeing at the heart of our business.

Our business remained resilient through the lockdown period. Operational sites largely remained open throughout the period. Household Waste Recycling Centres which were closed for a period were reopened in conjunction with our Local Authority customers. We made the decision to not furlough any staff during the year. We have managed our supply chain to ensure that personal protective equipment has remained available across our operations.

As the country continues its careful emergence from the pandemic, we are closely following the Government's advice. Our approach to a return to normality remains a cautious one.

One of the steps is to begin to encourage and welcome back employees who have previously been required to work from home to the workplace. We have listened to employee feedback about introducing more flexible ways of working for some colleagues where appropriate. We have been exploring a number of options which will enable us to collaborate effectively whilst also having a flexible approach.

The Strategic Report was approved by the Board and authorised for issue on 21 December 2021 and signed on its behalf by:



.....
N W Maddock
Director

Viridor Waste Kent Limited

Directors' Report for the Year Ended 31 March 2021

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

The Directors' Report is prepared in accordance with the provisions of the Companies Act 2006 and regulations made thereunder. It comprises pages 4 to 5 as well as any matters incorporated by reference. Information regarding Viridor, including events and its progress during the year, events since the year-end and likely future developments is contained in the strategic report set out on pages 1 to 3.

In addition, and in accordance with s414C of the Companies Act 2006, the strategic report contains a fair, balanced and comprehensive review and analysis of the development and performance of the Company's business during the year and the position of the Company's business at the end of the year.

Going concern

The financial statements have been prepared on the going concern basis due to the continued financial support of the immediate parent company, Viridor Waste Management Limited. The directors of Viridor Waste Management Limited confirm that it is their intention to support the company in meeting all its financial obligations as they fall due for a period of at least 12 months from the date of signing the balance sheet.

Donations

No political donations were made or political expenditure incurred and no contributions were made to a non-EU political party.

Financial risk management policy

The Company's financial risk management policy is set out at note 3 on pages 17 to 19.

Financial instruments

Details of the Company's financial instruments are provided in note 2 on page 16 and note 16 on page 29.

Events after the reporting period

Events after the reporting date for the company are discussed in the future developments section of the Strategic report.

Directors

The directors, who held office during the year, were as follows:

P C Piddington (resigned 12 October 2020)

E A J Rees (resigned 12 October 2020)

N W Maddock (appointed 12 October 2020)

K M Bradshaw (appointed 12 October 2020)

Directors' insurance and indemnities

The Directors have the benefit of the indemnity provisions contained in the Company's Articles and the Company has maintained throughout the year Directors' and Officers' liability insurance for the benefit of the Company, the Directors and its Officers. The Company has entered into qualifying third party indemnity arrangements for the benefit of all its Directors in a form and scope which comply with the requirements of the Companies Act 2006 and which were in force throughout the year and remain in force.

Employment policies and employee involvement

The Company has no employees (2020: none). Services provided by the Company were undertaken by employees of Viridor Waste Management Limited (a fellow subsidiary of Viridor Limited, the smallest Group in which these financial statements are consolidated). Policies relating to the training and development in the affairs, policy and performance of the Company can be found in the financial statements of Viridor Waste Management Limited.

Parent company

The Company is a subsidiary of Viridor Waste Management Limited. During the year its ultimate parent undertaking was KKR Aggregator L.P.

Viridor Waste Kent Limited

Directors' Report for the Year Ended 31 March 2021 (continued)

Statement of Directors' Responsibilities

The directors acknowledge their responsibilities 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 (IFRSs) in conformity with the requirements of the Companies Act 2006. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the 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 in accordance with IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors and apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information and provide additional disclosures when compliance with the specific requirements in IFRSs is insufficient to enable users to understand the impact of particular transactions, other events and conditions on the group and company financial position and financial performance ; and
- 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 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.

Under applicable law and regulations, the directors are also responsible for preparing a strategic report and directors' report, that comply with that law and those regulations. The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website.

The Directors' Report was approved by the Board on 21 December 2021.

By Order of the Board



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I. M Hughes
Company secretary

Viridor Waste Kent Limited

Income Statement for the Year Ended 31 March 2021

		Before non- underlying items	Non- underlying items (Note 7)	2021 £ 000	2020 £ 000 (As restated)
	Note	2021 £ 000	2021 £ 000	2021 £ 000	2020 £ 000 (As restated)
Revenue	6	48,413	-	48,413	56,670
Manpower costs	6	(6,251)	-	(6,251)	(6,610)
Raw materials and consumables used	6	(5,690)	-	(5,690)	(6,365)
Other expenses	6	(32,774)	(523)	(33,297)	(38,974)
Profit before interest, tax, depreciation, amortisation and dividends		3,698	(523)	3,175	4,721
Other operating income	10	375	-	375	-
Depreciation and amortisation expense	6	(5,587)	-	(5,587)	(2,409)
Operating (loss)/profit		(1,514)	(523)	(2,037)	2,312
Finance income		-	-	-	7
Finance costs		(1,288)	-	(1,288)	(1,415)
Net finance cost	8	(1,288)	-	(1,288)	(1,408)
(Loss)/profit before tax		(2,802)	(523)	(3,325)	904
Taxation credit/(charge)	9	533	99	632	(225)
(Loss)/profit for the year		(2,269)	(424)	(2,693)	679

Viridor Waste Kent Limited

Statement of Comprehensive Income for the Year Ended 31 March 2021

	Before non- underlying items	Non-underlying items (Note 7)	(As restated)	
	2021 £ 000	2021 £ 000	2021 £ 000	2020 £ 000
(Loss)/profit for the year	(2,269)	(424)	(2,693)	679
Items that will not be reclassified subsequently to profit or loss	-	-	-	-
Items that may be reclassified subsequently to profit or loss	-	-	-	-
Total comprehensive income for the year	<u>(2,269)</u>	<u>(424)</u>	<u>(2,693)</u>	<u>679</u>

Viridor Waste Kent Limited

(Registration number: 02751074)

Statement of Financial Position as at 31 March 2021

		(As restated)	
	Note	31 March 2021 £ 000	31 March 2020 £ 000
Assets			
Non-current assets			
Trade and other receivables	13	380	2,552
Property, plant and equipment	14	<u>39,680</u>	<u>40,435</u>
		<u>40,060</u>	<u>42,987</u>
Current assets			
Inventories	17	1,687	1,763
Trade and other receivables	18	9,762	9,714
Current tax asset		42	1,052
Cash and cash equivalents	19	<u>5,282</u>	<u>1,319</u>
		<u>16,773</u>	<u>13,848</u>
Liabilities			
Current liabilities			
Trade and other payables	20	(14,972)	(17,932)
Loans and borrowings	21	(1,726)	(2,918)
Provisions	22	<u>(1,633)</u>	<u>(1,166)</u>
		<u>(18,331)</u>	<u>(22,016)</u>
Non-current liabilities			
Loans and borrowings	21	(32,539)	(25,912)
Provisions	22	(10,150)	(9,811)
Deferred tax liabilities	9	<u>(35)</u>	<u>(625)</u>
		<u>(42,724)</u>	<u>(36,348)</u>
NET LIABILITIES		<u>(4,222)</u>	<u>(1,529)</u>
Equity			
Share capital	23	950	950
Retained earnings		<u>(5,172)</u>	<u>(2,479)</u>
TOTAL EQUITY		<u>(4,222)</u>	<u>(1,529)</u>

For the financial year ending 31 March 2021 the company was entitled to exemption from audit under section 479A of the Companies Act 2006 relating to subsidiary companies.

Directors' responsibilities:

- The members have not required the company to obtain an audit of its accounts for the year in question in accordance with section 476; and
- The directors acknowledge their responsibilities for complying with the requirements of the Act with respect to accounting records and the preparation of accounts.

The financial statements on pages 6 to 37 were approved by the Board and authorised for issue on 21 December 2021 and signed on its behalf by:

N W Maddock

N W Maddock
Director

Viridor Waste Kent Limited

Statement of Changes in Equity for the Year Ended 31 March 2021

	Share capital £ 000	Retained earnings £ 000	Total £ 000
At 1 April 2019	950	(3,391)	(2,441)
Prior period adjustment	-	1,902	1,902
Transition to IFRS 16	-	(1,669)	(1,669)
At 1 April 2019 (As restated)	950	(3,158)	(2,208)
Profit for the year	-	679	679
Total comprehensive income	-	679	679
At 31 March 2020	950	(2,479)	(1,529)

	Share capital £ 000	Retained earnings £ 000	Total £ 000
At 31 March 2020	950	(2,479)	(1,529)
Loss for the year	-	(2,693)	(2,693)
Total comprehensive income	-	(2,693)	(2,693)
At 31 March 2021	950	(5,172)	(4,222)

Viridor Waste Kent Limited

Statement of Cash Flows for the Year Ended 31 March 2021

		(As restated)	
	Note	2021 £ 000	2020 £ 000
Cash flows from operating activities			
(Loss)/profit for the year		(2,693)	679
<i>Adjustments to cash flows from non-cash items:</i>			
Depreciation and amortisation	6	5,587	2,409
Loss/(profit) on disposal of property plant and equipment		92	(125)
Finance income	8	-	(7)
Finance costs	8	1,288	1,415
Taxation (credit)/charge	9	(632)	225
Dividends received	10	(375)	-
		<u>3,267</u>	<u>4,596</u>
<i>Working capital adjustments:</i>			
Decrease/(increase) in inventories		76	(1,284)
Decrease/(increase) in trade and other receivables		2,124	(2,099)
(Decrease)/increase in trade and other payables		(2,996)	4,061
Increase/(decrease) in provisions		<u>455</u>	<u>(337)</u>
Cash generated from operations		2,926	4,937
Taxation received		<u>1,052</u>	<u>-</u>
Net cash flow from operating activities		<u>3,978</u>	<u>4,937</u>
Cash flows from investing activities			
Interest received		-	7
Acquisitions of property plant and equipment		(3,305)	(981)
Proceeds from sale of property plant and equipment		26	78
Dividends received		<u>375</u>	<u>-</u>
Net cash flows from investing activities		<u>(2,904)</u>	<u>(896)</u>
Cash flows from financing activities			
Interest paid		(897)	(978)
Proceeds from new borrowings		5,713	-
Repayment of borrowings		-	(500)
Finance lease principal repayments		<u>(1,927)</u>	<u>(2,255)</u>
Net cash flows from financing activities		<u>2,889</u>	<u>(3,733)</u>
Net increase in cash and cash equivalents		3,963	308
Cash and cash equivalents at 1 April		<u>1,319</u>	<u>1,011</u>
Cash and cash equivalents at 31 March	19	<u>5,282</u>	<u>1,319</u>

Viridor Waste Kent Limited

Notes to the Unaudited Financial Statements for the Year Ended 31 March 2021

1 General information

The company is a private company limited by share capital, incorporated and domiciled in England.

The address of its registered office is:

Viridor House
Priory Bridge Road
Taunton
Somerset
TA1 1AP
United Kingdom

The nature of the Company's operations include the provision of waste management services and renewable energy to customers in the South East of England. Its primary competencies are in landfill disposal, recycling, waste collection focusing primarily on the industrial and commercial market, and operating materials recycling facilities ('MRFs'), waste transfer stations, treatment plants, household waste recycling centre ('HWRC'), and composting facilities in that region.

2 Accounting policies

Statement of compliance

The company financial statements have been prepared in accordance with International Accounting Standards in conformity with the requirements of the Companies Act 2006.

Summary of significant accounting policies and key accounting estimates

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

Basis of preparation

The financial statements have been prepared in accordance with adopted IFRSs and under historical cost accounting rules.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the company's accounting policies.

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

Going concern

The financial statements have been prepared on a going concern basis.

New standards, interpretations and amendments not yet effective

New standards or interpretations which were mandatory for the first time in the year beginning 1 April 2020 did not have a material impact on the net assets or results of the Company.

New standards or interpretations due to be adopted from 1 April 2021 are not expected to have a material impact on the Company's net assets or results. Existing borrowing covenants are not impacted by changes in accounting standards.

Viridor Waste Kent Limited

Notes to the Unaudited Financial Statements for the Year Ended 31 March 2021 (continued)

2 Accounting policies (continued)

Revenue recognition

Recognition

Revenue is recognised following delivery of performance obligations and an assessment of when control over the product or service is transferred to the customer. Revenue is only recognised when collection of consideration is highly probable.

Revenue is recognised either when the performance obligation in the contract has been performed ('point in time' recognition) or 'over time' as the performance obligations to the customer are satisfied. For each obligation satisfied over time, the company applies a revenue recognition method that accurately reflects performance in transferring control of the services to the customer.

Where a contract with a customer includes more than one performance obligation, revenue is allocated to each obligation in proportion to a fair value assessment of the total contract sales value split across the services provided.

At the inception of a contract the total transaction price is estimated, being the fair value to which the company expects to be entitled under the contract, including any variable consideration. Variable consideration is based on the most likely outcome of the performance obligations.

Revenue excludes value added tax, trade discounts and includes revenue arising from transactions between Group companies and landfill tax.

Waste management services

In respect of single services with fixed fees, such as the receipt of gate and collection fees, revenue is recognised at the time the service is provided.

The Company also delivers other waste management services for which revenue is recognised 'over time' in accordance with contracts with customers. The nature of contracts and/or performance obligations includes management fees to operate local authority recycling centres and energy recovery facilities, multi service contracts including collections and gate fees.

Revenue from other services can be fixed (i.e. management fees) or variable (i.e. gate fees).

Gate fee revenue, derived from the Company's operational assets, is recognised as customer waste is deposited and is based on tonnage received.

In respect of waste collection services, revenue is recognised at the point of collection from customer premises.

A majority of waste management customers are invoiced monthly for services provided within the monthly billing period. Payments are typically due on an end of month following invoice basis. Alternative billing and/or payment terms are agreed in exceptional circumstances.

The Company transfers control of such waste management services prior to invoicing. Receipt of payment following invoice is based solely on the passage of time. A trade receivable is recognised until payment is made and/or refund issued.

Recyclate

The Company transforms waste into recyclate ready for resale. Revenue is measured at the agreed transaction price per tonne of recyclate under the contract with the customer. Revenue recognition occurs when control over the recyclate assets has been transferred to the customer.

The Company's performance obligation is satisfied at the point of collection by the customer. This is the point in time when an invoice is issued and revenue is recognised. Payment terms are typically end of month following invoice date.

Viridor Waste Kent Limited

Notes to the Unaudited Financial Statements for the Year Ended 31 March 2021 (continued)

2 Accounting policies (continued)

Contract assets and liabilities

A trade receivable is recognised when the Company has an unconditional right to receive consideration in exchange for performance obligations already fulfilled. A contract asset is recognised when the Company has fulfilled some of its performance obligations but has not yet obtained an unconditional right to receive consideration.

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

Grants and contributions

Grants are recognised where there is a reasonable assurance that the grant will be received and all the attached conditions will be complied with.

Grants and contributions receivable in respect of property, plant and equipment are deducted from the cost of those assets.

Grants and contributions receivable in respect of expenditure charged against profits in the year have been included in the income statement in other operating expenses.

Foreign exchange

Transactions denominated in foreign currencies are translated at the exchange rate at the date of the transaction. Monetary assets and liabilities denominated in a foreign currency are translated at the closing balance sheet rate. The resulting gain or loss is recognised in the income statement.

Taxation including deferred tax

The tax expense for the period comprises current and deferred tax. Tax is recognised in the income statement, except to the extent that it relates to items recognised in the statement of comprehensive income or directly in equity. In this case the tax is recognised in the statement of comprehensive income or directly in equity as appropriate.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the company operates and generates taxable income.

Deferred income tax is recognised on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements and on unused tax losses or tax credits in the company. Deferred income tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

The carrying amount of deferred tax assets are reviewed at each reporting date and a valuation allowance is set up against deferred tax assets so that the net carrying amount equals the highest amount that is more likely than not to be recovered based on current or future taxable profit.

Landfill tax

Landfill tax is included within both revenue and operating costs. Landfill tax is determined by the Government and it is a cost to the Company but is chargeable to customers.

Viridor Waste Kent Limited

Notes to the Unaudited Financial Statements for the Year Ended 31 March 2021 (continued)

2 Accounting policies (continued)

Right-of-use assets/liabilities

The Company assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Leased assets are accounted for by recognising a right-of use-asset and a lease liability except for:

- Low value assets; and
- Leases with a duration of 12 months or less.

Right-of-use assets

The Company recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. If ownership of the leased asset transfers to the Company at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset. The right-of-use assets are also subject to impairment.

Lease liabilities

At the commencement date of the lease, the Company recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Company and payments of penalties for terminating the lease, if the lease term reflects the Company exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

Property, plant and equipment

Property, plant and equipment is stated in the statement of financial position at cost, less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

The cost of property, plant and equipment includes directly attributable incremental costs incurred in their acquisition and installation.

Depreciation

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

Asset class	Depreciation method and rate
Freehold buildings	30-50 years
Short-term leasehold land and buildings	The shorter of their estimated useful economic lives or the finance lease period.
Fixed and mobile plant, vehicles and computers	3-10 years

Viridor Waste Kent Limited

Notes to the Unaudited Financial Statements for the Year Ended 31 March 2021 (continued)

2 Accounting policies (continued)

Impairment of non-financial assets

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

Assets which are subject to amortisation are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value, less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Value in use represents the present value of projected future cash flows expected to be derived from a cash-generating unit, discounted using a pre-tax discount rate which reflects an assessment of the market cost of capital of the cash-generating unit.

Impairments are charged to the income statement in the year in which they arise. Non-financial assets other than goodwill that have been impaired are reviewed for possible reversal of the impairment at each reporting date.

Investment in joint ventures

Joint ventures are entities over which the Company exercises joint control. Investments in joint ventures are initially recorded at cost, being the fair value of the consideration paid. Subsequently, investments are reviewed for impairment on an individual basis annually or if events or changes in circumstances indicate that the carrying value may not be fully recoverable.

An impairment loss is recognised for the amount by which the investment's carrying amount exceeds the lower of the joint venture's net asset value or its recoverable amount. The recoverable amount is the higher of the investment's fair value, less costs to sell and value in use. Value in use represents the present value of projected future cash flows expected to be derived from the joint venture undertaking, discounted using a pre-tax discount rate appropriate to the relevant subsidiary.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and call deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. Bank overdrafts are shown within current borrowings.

Inventories

Inventories are stated at the lower of cost or net realisable value. The cost of finished goods and work in progress includes raw materials and the cost of bringing stocks to their present location and condition, it excludes borrowing costs. Costs are assigned to individual items of inventory on the basis of weighted average costs. Net realisable value is the estimated selling price less cost to sell. Stocks of fuel and spares are valued at cost, less any provision for obsolescence.

Viridor Waste Kent Limited

Notes to the Unaudited Financial Statements for the Year Ended 31 March 2021 (continued)

2 Accounting policies (continued)

Fair values

The fair values of short-term deposits, loans and overdrafts with a maturity of less than one year are assumed to approximate to their book values. In the case of non-current bank loans and other loans, the fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate available to the company for similar financial instruments.

Provisions

Provisions are made where there is a present legal or constructive obligation as a result of a past event and it is probable that there will be an outflow of economic benefits to settle this obligation and a reliable estimate of this amount can be made. Where the effect of the time value of money is material, the current amount of a provision is the present value of the expenditure expected to be required to settle obligations. The unwinding of the discount to present value is included as notional interest within finance costs.

The Company's policies on provisions for specific areas are:

i) Landfill restoration costs

Provisions for the cost of restoring landfill sites are made when the obligation arises. Where the obligation is recognised as a provision gives access to future economic benefits, an asset in property, plant and equipment is recognised. Provisions are otherwise charged to the income statement based on the consumption of void space.

ii) Environmental control and aftercare costs

Environmental control and aftercare costs are incurred over the operational life of each landfill site and for a considerable period thereafter. Provision for all such costs is made over the operational life of the site and charged to the income statement based on the consumption of void space.

iii) Onerous contracts

Where the unavoidable costs of meeting a contract's obligations exceed the economic benefits derived from that contract, the unavoidable costs, less revenue anticipated under the terms of the contract, are recognised as a provision and charged to the income statement. An impairment loss on any assets dedicated to that contract is also recognised in the income statement.

Share capital

Ordinary shares are classified as equity. Equity instruments are measured at the fair value of the cash or other resources received or receivable, net of the direct costs of issuing the equity instruments. If payment is deferred and the time value of money is material, the initial measurement is on a present value basis.

Retirement benefit obligations

During the year the Company participated in a defined contribution scheme operated by Viridor Waste Management Limited (a fellow subsidiary of Viridor Limited). Costs of the scheme are included in a employment cost recharge from Viridor Waste Management Limited, as all employees are contracted to that company.

Financial instruments

i) Loans and receivables

All loans and borrowings are initially recognised at fair value, net of transaction costs incurred. Following initial recognition interest-bearing loans and borrowings are subsequently stated at amortised cost using the effective interest method.

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

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

Viridor Waste Kent Limited

Notes to the Unaudited Financial Statements for the Year Ended 31 March 2021 (continued)

2 Accounting policies (continued)

ii) Trade receivables

Trade receivables do not carry any interest receivable and are initially recognised 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 objective evidence that the Company will not be able to collect all amounts due according to the original terms of the receivables.

iii) Trade payables

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

iv) Receivables due from subsidiary undertakings

Amounts owed by subsidiaries are classified and recorded at amortised cost and reduced by allowances for expected credit losses. Estimated future credit losses are first recorded on initial recognition of a receivable and are based on estimated probability of default.

3 Financial risk review

The financial risk management policies reflect conditions that existed through and at the year ending 31 March 2021.

(a) Financial risk factors

The Company's activities expose it to a variety of financial risks; market risk (including interest rate risk, inflation risk and credit risk). Details of the nature of each of these risks along with the steps the Company has taken to manage them is described below.

The Company receives treasury services from the wider Viridor Group's treasury function which seeks to ensure that sufficient funding is available to meet foreseeable needs, maintain reasonable headroom for contingencies and managing financial risks.

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

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

Market Risk

The Company has no significant interest-bearing assets upon which the net return fluctuates from market risk. Deposit interest receivable 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.

For the year ended 31 March 2021, if interest rates on net borrowings had been 0.5% higher/lower with all other variables held constant, post-tax loss for the year would have increased/decreased by £73,000 (2020: £43,000).

Viridor Waste Kent Limited

Notes to the Unaudited Financial Statements for the Year Ended 31 March 2021 (continued)

3 Financial risk review (continued)

Liquidity Risk

An intermediate parent company, Planets UK Bidco Limited maintains facilities that are designed to ensure the Viridor Group (and therefore the Company) has significant available funds for operations, planned expansions and facilities equivalent to at least one year's forecast requirements at all times, with reasonable headroom for contingencies. A financial covenant relating to Planets' facilities was first assessed in September 2021. This financial covenant is a debt service coverage ratio comparing cash generated during a twelve-month period against interest payments and other debt service costs. The Viridor Group has complied with these covenants throughout the financial year.

The Viridor Group's treasury function managed and determined the criteria for the Company's capital requirement.

Contractual undiscounted cash flows were:

	Due within 1 year £000	Due between 1 and 2 years £000	Due between 2 and 5 years £000	Due after 5 years £000	Total £000
31 March 2021					
<i>Non-derivative financial liabilities</i>					
Borrowings excluding finance lease liabilities	-	1,550	4,649	8,784	14,983
Interest payments on borrowings	153	136	307	172	768
Finance lease liabilities including interest	1,726	1,898	2,822	12,837	19,283
31 March 2020					
<i>Non-derivative financial liabilities</i>					
Borrowings excluding finance lease liabilities	1,000	-	-	-	1,000
Finance lease liabilities including interest	2,725	2,313	6,454	23,595	35,087

Credit Risk

Credit risk arises from cash and cash equivalents with banks and financial institutions, as well as exposure to trade customers, including outstanding receivables. The maximum exposure to credit risk is represented by the carrying value of these financial instruments. Further information on the credit risk relating to trade receivables is given in note 18.

Counterparty risk arises from the investment of surplus funds and from the use of derivative financial instruments. The Viridor Group (and therefore the Company) follows a policy for managing such risk which is controlled through credit limits, counterparty approvals and rigorous monitoring procedures. The Company has no other significant concentration of credit risk. The Company's surplus funds are managed by the Viridor Group's treasury function and where sufficient incremental yield is available, are placed in short-term deposits or the overnight money markets. Deposit counterparties must meet minimum criteria based on their short-term credit ratings and therefore be of good credit quality.

3 Financial risk review (continued)

(b) Capital risk management

The capital risk management policy is managed by an intermediate parent company, Planets UK Bidco Limited. The company's objectives when managing capital are to safeguard the Viridor Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure in order to minimise the cost of capital.

(c) Determination of fair values

The Company uses the following hierarchy for determining the fair value of financial instruments by valuation technique:

- quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1)
- inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices) (level 2).
- inputs for the asset/liability not based on observable market data (unobservable inputs) (level 3).

The Company's financial instruments are valued using level 2 measures as analysed in note 16.

Viridor Waste Kent Limited

Notes to the Unaudited Financial Statements for the Year Ended 31 March 2021 (continued)

4 Prior period adjustment

Prior period adjustments

(a) Landfill and restoration provisions

A significant cost of owning and operating a landfill site in the UK arises due to the constructive and legal obligation to restore sites after landfill operations cease and to care for them until it can be demonstrated that they present no ongoing risk to the environment.

The period of aftercare post-closure and the level of costs expected to be incurred over that period are uncertain and can vary significantly from site to site. Viridor organises its costs as follows:

- Restoration costs including capping, restoration soils, and other infrastructure and landscaping costs.
- Aftercare costs including inspection, ground water monitoring, leachate management, methane gas control and recovery and the operation and maintenance costs to be incurred during the period after the site closes.

During the year the Company has undertaken a review of its landfill and restoration provisions, which are recorded to manage its landfill obligations. We have reviewed the accounting treatment of certain operating costs, specifically considering whether they should be included within provisions under IAS 37 Provisions, contingent liabilities and contingent assets. This has resulted in a material reduction in the level of provisioning and brings the Company more in line with other operators in the industry.

These matters have been treated as accounting errors in accordance with IAS 8, meaning that, changes have been made retrospectively by amending the comparatives and restating retained earnings at the beginning of the year ended 31 March 2020.

The impact on the financial statements is as follows:

		31 March 2020 £000	01 April 2019 £000
	Note		
Comparative period adjustment to equity [increase/(decrease) in equity]			
Property, plant and equipment		(2,472)	-
Total Assets		(2,472)	-
Deferred tax		(408)	(390)
Provisions	22	4,383	2,292
Total Liabilities		3,975	1,902
Net impact on equity		1,503	1,902
Comparative period adjustment to income statement [increase/(decrease) in profit]			
Other operating expenses		411	-
Depreciation		(2,226)	-
Finance costs		(96)	-
Taxation		408	-
Net impact on profit for the year		(1,503)	-

There is no net impact to the operating, investing, or financing activities in the prior period cashflow disclosures.

5 Critical accounting judgements and key sources of estimation uncertainty

Management is required to exercise significant judgement and make use of estimates and assumptions in the application of these policies.

(a) Environmental and landfill restoration provisions

Environmental control and aftercare costs are incurred during the operational life of each landfill site and for a considerable period thereafter. The period of aftercare post-closure and the level of costs expected are uncertain and can vary significantly from site to site. Key factors are the type of waste, the speed at which it decomposes, the volume of leachate requiring treatment and regulatory requirements specific to the site. The amounts expected to be incurred have been re-assessed, re-estimated and aligned to the latest estimate of landfill site operating lives.

The provisions are based on latest assumptions reflecting recent historic data and future cost estimates. The aftercare provision is particularly sensitive to the estimated volumes of leachate and their associated cost, together with the discount rate used to establish the provision. The provisions are recognised in the financial statements at the net present value of the estimated future expenditure required to settle the Company's obligations. A discount rate is applied to recognise the time value of money and is unwound over the life of the provision. This is included in the income statement as a financial item within finance costs.

An aftercare period of between 30 and 60 years is used in calculating provision values. This is considered reasonable by management, is comparable to peers in the waste business and is consistent with Environment Agency bond periods. The impact of a 0.1% change in discount rate is estimated to be in the region of £95,000. As at 31 March 2021 the Company's environmental and landfill restoration provisions (note 22) were £10,447,000 (2020: £10,530,000).

Where a restoration provision gives access to future economic benefits, an asset is recognised and depreciated in accordance with the Company's depreciation policy. As at 31 March 2021 these assets (note 14) had a net book value of £2,158,000 (2020: £2,264,000).

During the year the Company has undertaken a review of its landfill and restoration provisions, which are recorded to manage its landfill obligations. This has resulted in a material reduction in the level of provisioning and brings the Company more in line with other operators in the industry. The changes have been made retrospectively by amending the comparatives and restating retained earnings at the beginning of the year ended 31 March 2020. Note 4 details the full impact of this adjustment.

(b) Landfill costs

The estimation of landfill reserves is of particular importance in assessing landfill costs, since the cost of a landfill site is depreciated over its estimated operational life taking into account the usage of void space and gas production at the site post-closure. The estimates of landfill reserves are regularly reviewed and updated during the financial year for usage and other events (for example site extensions). Estimates are also subject to physical review by external advisors.

A number of factors impact on the depreciation of landfill reserves including the available landfill space, future capital expenditure and operating costs. The assumptions are revised as these factors change. The estimate of gas production at landfill sites post-closure reduces the depreciation of landfill reserves. An assessment is undertaken for individual sites of the historic profile of gas production during landfilling activity and the projected generation post-closure according to the type of waste contained in the landfill and expected profile of gas production over time.

Viridor Waste Kent Limited

Notes to the Unaudited Financial Statements for the Year Ended 31 March 2021 (continued)

6 Operating profit

Revenue

The grouping of revenue streams, analysed by how they are affected by economic factors is as follows:

	UK £000	Total £000
Year ended 31 March 2021		
Waste management services	29,856	29,856
Recyclate	18,557	18,557
	<u>48,413</u>	<u>48,413</u>
Year ended 31 March 2020		
Waste management services	31,618	31,618
Recyclate	25,052	25,052
	<u>56,670</u>	<u>56,670</u>

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

Operating costs

		(As restated)	
		31 March 2021 £000	31 March 2020 £000
Manpower costs	11	<u>6,251</u>	<u>6,610</u>
Raw materials and consumables		<u>5,690</u>	<u>6,365</u>
Other operating expenses:			
Profit on disposal of property, plant and equipment		92	(125)
Short-term and low value lease rentals payable		260	452
Trade receivables impairment movement	18	(19)	(468)
Power		624	797
Rates		619	560
Hired and contracted services		17,455	17,739
Landfill tax		7,923	13,866
Other external charges		<u>6,343</u>	<u>6,153</u>
		<u>33,297</u>	<u>38,974</u>
Depreciation of property, plant and equipment:			
Depreciation of property, plant and equipment		<u>5,587</u>	<u>4,723</u>
	14	<u>5,587</u>	<u>4,723</u>

Viridor Waste Kent Limited

Notes to the Unaudited Financial Statements for the Year Ended 31 March 2021 (continued)

7 Non-underlying items

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

	2021 £ 000	2020 £ 000
Environmental compliance risk (a)	(523)	-
Operating loss	(523)	-
Loss before tax	(523)	-
Tax credit arising on non-underlying items (b)	99	-
Net non-underlying charge	(424)	-

(a) The Company has assessed the risk on certain landfill related liabilities and charge to the income statement is £523,000.

(b) The tax impact of the above non-underlying items was a credit of £99,000 (2020: £nil).

8 Finance income and costs

		(As restated)	
	Note	2021 £ 000	2020 £ 000
Finance income			
Interest income on bank deposits		-	7
Total finance income		-	7
Finance costs			
Interest on obligations under finance leases and hire purchase contracts		(702)	(870)
Loans from ultimate parent company	26	(1)	(6)
Loans from immediate parent company	26	(231)	(37)
Unwinding of discounts in provisions	22	(354)	(502)
Total finance costs		(1,288)	(1,415)
Net finance costs		(1,288)	(1,408)

Viridor Waste Kent Limited

Notes to the Unaudited Financial Statements for the Year Ended 31 March 2021 (continued)

9 Taxation

Tax (credited)/charged in the income statement

	(As restated)	
	2021	2020
	£ 000	£ 000
UK corporation tax	(42)	(200)
Deferred tax	(590)	425
Tax (credit)/charge in the income statement	(632)	225

UK corporation tax is calculated at 19% (2020: 19%) of the estimated assessable profit before tax for the year.

Reconciliation of total tax (credit)/charge:

The total tax for the year differs from the theoretical amount that would arise using the standard rate of Corporation tax in the UK of 19% (2020: 19%) as follows:

	(As restated)	
	2021	2020
	£ 000	£ 000
(Loss)/profit before tax	(3,325)	904
Tax calculated at the standard rate of UK Corporation tax of 19%	(632)	172
Depreciation charged on non-qualifying assets	54	51
Adjustment to tax in respect of prior years	17	(101)
Deferred tax charge relating to change in tax rate	-	103
Increase (decrease) from effect dividends from UK companies	(71)	-
Total tax (credit)/charge	(632)	225

The average total effective rate for the year is 19% (2020 24.9%)

UK corporation tax is stated after a credit relating to prior year current tax of £37,000 (2020: credit of £58,000) and a prior year deferred tax charge of £54,000 (2020: credit of £43,000).

(2020: The adjustment to the tax charge in respect of the change in tax rate follows the announcement in the Chancellor's budget on 11th March 2020, that the UK corporation tax rate will be held at 19% (rather than reducing to 17% as previously enacted). This is considered a non-underlying charge to the Company.)

Viridor Waste Kent Limited

Notes to the Unaudited Financial Statements for the Year Ended 31 March 2021 (continued)

9 Taxation (continued)

Deferred tax

Deferred tax is provided in full on temporary differences under the liability method using enacted tax rates.

Movements on deferred tax were:

	(As restated)	
	31 March 2021 £ 000	31 March 2020 £ 000
Net liabilities at 1 April	(625)	(591)
Credit/(Charge) to the income statement	590	(425)
Credit to equity	-	391
Net liabilities at 31 March	<u>(35)</u>	<u>(625)</u>

Deferred tax assets have been recognised in respect of all temporary differences giving rise to deferred tax assets because it is probable that these assets will be recovered.

The credit to equity represents the effect on deferred taxation of the adoption of IFRS 16 on 1 April 2019.

All deferred tax assets and liabilities are within the same jurisdiction and may be offset as permitted by IAS 12

The movement in deferred tax assets and liabilities were:

	At 1 April 2020 £ 000	Recognised in income statement £ 000	At 31 March 2021 £ 000
Accelerated tax depreciation	(441)	244	(197)
Provisions	(184)	346	162
Net tax assets/(liabilities)	<u>(625)</u>	<u>590</u>	<u>(35)</u>

The movement in deferred tax assets and liabilities during the prior year were:

	At 1 April 2019 £ 000	Recognised in income statement £ 000	Recognised in equity £ 000	At 31 March 2020 £ 000
Accelerated tax depreciation	(320)	(512)	391	(441)
Provisions	(271)	87	-	(184)
Net tax assets/(liabilities)	<u>(591)</u>	<u>(425)</u>	<u>391</u>	<u>(625)</u>

As announced in the Chancellor's Budget on 4 March 2021, the headline rate of corporation tax in the UK will increase from 1 April 2023 to 25%. As at the balance sheet date the change in tax rate was not substantively enacted and thus this change is not reflected in the tax charge of these financial statements. The effect of the change of rate will be to move the existing deferred tax liability to an asset and increase this deferred tax asset by £400,000, represented by a tax credit to the income statement of £400,000. The change was substantively enacted on 24 May 2021, following the third reading in the House of Commons.

Viridor Waste Kent Limited

Notes to the Unaudited Financial Statements for the Year Ended 31 March 2021 (continued)

10 Other operating income

Dividends received

	31 March 2021 £ 000
<i>Amounts recognised as distributions by joint ventures in the year</i>	
Shelford Composting Limited	375
Total dividends received	375

11 Staff costs

The Company has no employees (2020: none). Services provided by the Company were undertaken by employees of Viridor Waste Management Limited, a fellow subsidiary of Viridor Limited (the smallest Group in which this company's results are consolidated). Viridor Waste Management Limited charged a service fee to the Company including the amounts recorded below for 173 (2020: 190) employees who worked predominantly for the Company.

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

	2021 £ 000	2020 £ 000
Wages and salaries	5,532	5,879
Social security costs	554	582
Pension costs	165	149
	6,251	6,610

Details of Directors' emoluments are set out in note 12. There are no personnel other than Directors, who as key management exercise authority and responsibility for planning, directing and controlling the activities of the Company

12 Directors' remuneration

	2021 £ 000	2020 £ 000
Aggregate emoluments of the Directors in respect of their services to the Company	90	40

The Company incurred no direct charge for Directors' emoluments but received a proportion of the employment costs of the Directors as a management charge from Viridor Waste Management Limited. Total emoluments of the Directors are disclosed in the Financial Statements of Viridor Waste Management Limited.

13 Non current trade and other receivables

		31 March 2021 £000	31 March 2020 £000
Amounts due from related parties	Note 26	374	374
Other prepayments and accrued income		6	2,178
		380	2,552

The Directors consider that due to the discounting of the associated provision for restoration, the carrying amount of prepayments approximates to their fair value.

Viridor Waste Kent Limited

Notes to the Unaudited Financial Statements for the Year Ended 31 March 2021 (continued)

14 Property, plant and equipment

	Land and buildings £ 000	Fixed and mobile plant, vehicles and computers £ 000	Landfill restoration £ 000	Assets under construction £ 000	Total £ 000
Cost or valuation					
At 1 April 2019	45,443	27,713	9,214	4,418	86,788
Prior year adjustment (note4)	-	-	25	-	25
Additions	121	17	-	981	1,119
Disposals	(900)	(372)	-	-	(1,272)
Transfers/reclassifications	512	3,954	-	(4,587)	(121)
Other (note 22)	-	-	865	-	865
At 31 March 2020	45,176	31,312	10,104	812	87,404
At 1 April 2020	45,176	31,312	10,104	812	87,404
Additions	1,918	1,547	-	2,951	6,416
Disposals	(135)	(3,123)	-	-	(3,258)
Transfers/reclassifications	134	805	-	(938)	1
Other (note 22)	-	-	(3)	-	(3)
At 31 March 2021	47,093	30,541	10,101	2,825	90,560
Depreciation					
At 1 April 2019	24,944	10,287	5,044	-	40,275
Prior year adjustment (note4)	-	-	271	-	271
Charge for year (as restated)	1,625	2,712	2,525	-	6,862
Eliminated on disposal	(67)	(372)	-	-	(439)
At 31 March 2020	26,502	12,627	7,840	-	46,969
At 1 April 2020	26,502	12,627	7,840	-	46,969
Charge for the year	2,412	3,073	103	-	5,588
Eliminated on disposal	(135)	(1,542)	-	-	(1,677)
At 31 March 2021	28,779	14,158	7,943	-	50,880
Carrying amount					
At 31 March 2021	18,314	16,383	2,158	2,825	39,680
At 31 March 2020	18,674	18,685	2,264	812	40,435
At 1 April 2019	20,499	17,426	4,170	4,418	46,513

Included within the net book value of land and buildings above is £2,474,000 (2020 - £1,939,000) in respect of freehold land and buildings and £15,840,000 (2020 - £16,735,000) in respect of short leasehold land and buildings.

Viridor Waste Kent Limited

Notes to the Unaudited Financial Statements for the Year Ended 31 March 2021 (continued)

14 Property, plant and equipment (continued)

Right of use assets held under leases included above were:

	Machinery £ 000	Property £ 000	Total £ 000
Cost or valuation			
At 1 April 2020	13,811	17,449	31,260
Additions	1,613	35	1,648
Disposals	(614)	(135)	(749)
Transfer to ownership	<u>(12,101)</u>	<u>-</u>	<u>(12,101)</u>
At 31 March 2021	<u>2,709</u>	<u>17,349</u>	<u>20,058</u>
Depreciation			
At 1 April 2020	4,788	931	5,719
Charge for the year	1,319	929	2,248
Eliminated on disposal	(614)	(135)	(749)
Transfer to ownership	<u>(4,128)</u>	<u>-</u>	<u>(4,128)</u>
At 31 March 2021	<u>1,365</u>	<u>1,725</u>	<u>3,090</u>
Carrying amount			
At 31 March 2021	<u>1,344</u>	<u>15,624</u>	<u>16,968</u>
At 31 March 2020	<u>9,023</u>	<u>16,518</u>	<u>25,541</u>

15 Investments

Joint ventures

The Company is the holder of 50% of the issued share capital of Shelford Composting Limited, a dormant company registered in England. On 08 July 2021, a special resolution has been passed to voluntarily wind up the Company. The cost and the carrying value of the investment at 31 March 2021 was £50 (2020: £50).

Viridor Waste Kent Limited

Notes to the Unaudited Financial Statements for the Year Ended 31 March 2021 (continued)

16 Financial instruments by category

		Amortised cost		
	Notes	Loans and receivables £000	Trade receivables and trade payables £000	Total £000
31 March 2021				
Financial assets				
Trade and other receivables	13, 18	374	7,192	7,566
Cash and cash equivalents	19	5,282	-	5,282
		<u>5,656</u>	<u>7,192</u>	<u>12,848</u>
Financial liabilities				
Borrowings	21	(34,265)	-	(34,265)
Trade and other payables	20	-	(8,506)	(8,506)
		<u>(34,265)</u>	<u>(8,506)</u>	<u>(42,771)</u>
31 March 2020				
Financial assets				
Trade and other receivables	13, 18	374	8,736	9,110
Cash and cash equivalents	19	1,319	-	1,319
		<u>1,693</u>	<u>8,736</u>	<u>10,429</u>
Financial liabilities				
Borrowings	21	(28,830)	-	(28,830)
Trade and other payables	20	-	(10,743)	(10,743)
		<u>(28,830)</u>	<u>(10,743)</u>	<u>(39,573)</u>

17 Inventories

	31 March 2021 £ 000	31 March 2020 £ 000
Raw materials and consumables	<u>1,687</u>	<u>1,763</u>

Viridor Waste Kent Limited

Notes to the Unaudited Financial Statements for the Year Ended 31 March 2021 (continued)

18 Trade and other receivables

		31 March 2021 £ 000	31 March 2020 £ 000
Trade receivables		4,263	6,026
Provision for impairment of trade receivables		(8)	(27)
Net trade receivables		4,255	5,999
Receivables from related parties	26	2,937	2,737
Prepayments and other receivables		2,570	978
		<u>9,762</u>	<u>9,714</u>

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

The Company applies the simplified approach in calculating the expected credit losses for trade receivables allowing a provision matrix to be used which is based on the expected life of trade receivables. The expected credit loss rate applied ranges from 0% for not due balances up to 100% for balances aged over 120 days. However there are exceptions, for example where a customer has gone into liquidation a provision will be made regardless of ageing, or conversely if a customer is a major corporate or local authority with no history of default, a provision might not be considered appropriate.

The ageing of trade receivables which are not specifically impaired was:

	31 March 2021 £ 000	31 March 2020 £ 000
Not past due	3,383	5,196
Past due 1 - 30 days	795	364
Past due 31 - 120 days	77	291
Past due more than 120 days	-	148
	<u>4,255</u>	<u>5,999</u>

There is no significant concentration of credit risk in trade receivables. The company has a large number of customers who are dispersed and there is no expectation of a significant loss on trade receivables which have not been provided for.

The movement in the allowance for expected credit losses in respect of trade receivables was:

		31 March 2021 £ 000	31 March 2020 £ 000
At start of year		27	495
Movement in provision for expected credit losses	6	(19)	(468)
		<u>8</u>	<u>27</u>

19 Cash and cash equivalents

	31 March 2021 £ 000	31 March 2020 £ 000
Cash on hand	<u>5,282</u>	<u>1,319</u>

Viridor Waste Kent Limited**Notes to the Unaudited Financial Statements for the Year Ended 31 March 2021 (continued)****20 Trade and other payables**

		31 March 2021 £ 000	31 March 2020 £ 000
Trade payables		1,199	1,377
Accrued expenses		3,321	3,002
Amounts due to related parties	26	7,307	9,366
Social security and other taxes		<u>3,145</u>	<u>4,187</u>
		<u>14,972</u>	<u>17,932</u>

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

Viridor Waste Kent Limited

Notes to the Unaudited Financial Statements for the Year Ended 31 March 2021 (continued)

21 Loans and borrowings

Current loans and borrowings

		31 March 2021 £ 000	31 March 2020 £ 000
Finance lease liabilities		1,726	1,918
Amounts due to related parties	26	-	1,000
		<u>1,726</u>	<u>2,918</u>

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

Non-current loans and borrowings

		31 March 2021		31 March 2020	
	Note	Book Value £000	Fair Value £000	Book Value £000	Fair Value £000
Finance lease liabilities		17,557	17,557	24,876	24,876
Amounts due to related parties	26	<u>14,982</u>	<u>12,381</u>	<u>1,036</u>	<u>-</u>
		<u>32,539</u>	<u>29,938</u>	<u>25,912</u>	<u>24,876</u>

Where market values are not available, fair values of borrowings have been calculated by discounting expected future cash flows at prevailing rates.

Maturity of non-current borrowings:

	31 March 2021 £ 000	31 March 2020 £ 000
Between 1 and 2 years	3,448	1,552
Between 2 and 5 years	7,471	4,379
Over 5 years	<u>21,620</u>	<u>19,981</u>
	<u>32,539</u>	<u>25,912</u>

The weighted average maturity of non-current borrowings was 10 years (2020: 16 years).

Total borrowings

	31 March 2021 £ 000	31 March 2020 £ 000
Finance lease liabilities	19,283	26,794
Amounts due to Immediate parent company	13,946	1,000
Amounts due to Fellow subsidiary	<u>1,036</u>	<u>1,036</u>
	<u>34,265</u>	<u>28,830</u>

The loan from the immediate parent company is unsecured and repayable on demand. Interest is charged at a fixed rate of 1.1% (2020: 50% of the balance at a fixed rate of 5.0% and 50% of the balance at the Bank of England base rate plus 0.25%).

Viridor Waste Kent Limited

Notes to the Unaudited Financial Statements for the Year Ended 31 March 2021 (continued)

22 Provisions

	(As restated)	
	31 March 2021 £ 000	31 March 2020 £ 000
Current provisions	1,633	1,166
Non-current provisions	10,150	9,811
	<u>11,783</u>	<u>10,977</u>

		Landfill restoration and environmental provisions £000	Other provisions £ 000	Total £ 000
	Note			
At 1 April 2020 (as restated, note4)		10,529	447	10,976
Additional provisions		191	1,009	1,200
Provisions utilised		(624)	(120)	(744)
Unwinding of discounts	8	354	-	354
Landfill restoration	14	(3)	-	(3)
At 31 March 2021		<u>10,447</u>	<u>1,336</u>	<u>11,783</u>

Environmental and landfill restoration provisions are incurred during the operational life of each landfill site and for a considerable period thereafter. The period of aftercare post-closure and the level of costs expected are uncertain and can vary significantly from site to site. Key factors are the type of waste, the speed at which it decomposes, the volume of leachate requiring treatment and regulatory requirements specific to the site.

Environmental and landfill restoration provisions are expected to be substantially utilised throughout the operational life of a site and for landfill sites within 60 years of closure. The provisions have been established assuming current waste management technology based upon estimated costs at future prices which have been discounted to present value. A discount rate of 4.22% (2020: 4.22%) and an inflation rate of 2.0% (2020: 2.0%) have been applied to the aftercare provision and a discount rate of 2.92% (2020: 2.92%) and an inflation rate of 2.0% (2020: 2.0%) to the restoration provision. The previous year has been restated due to an accounting error as detailed under note4 .

A decrease to the landfill restoration provision of £3,000 was recognised in the year (2020: increase of £865,000) and has been matched with a movement in property, plant and equipment.

Other provisions of £1,336,000 (2020: £447,000) have been recognised, conforming with IAS 37 Provisions, contingent liabilities and contingent assets, as liabilities of uncertain timing or amount arising from obligations from Viridor's operations which are not subject to permit requirements.

Viridor Waste Kent Limited

Notes to the Unaudited Financial Statements for the Year Ended 31 March 2021 (continued)

23 Share capital

Allotted, called up and fully paid shares

	31 March 2021		31 March 2020	
	No.	£	No.	£
Ordinary shares of £1 each	950,000	950,000	950,000	950,000

24 Commitments

Capital commitments

The total amount contracted for but not provided in the financial statements was £1,800,000 (2020 - £1,811,000).

25 Contingent liabilities

	31 March 2021 £ 000	31 March 2020 £ 000
Bank guarantee	5,282	1,319
Performance bonds	6,709	6,709
	<u>11,991</u>	<u>8,028</u>

i) Bank Guarantees

Certain banking arrangements of the Company operate on a pooled basis with certain other Group companies and under these arrangements, credit balances of participating companies can be offset against overdrawn balances of participating companies.

ii) Guarantee

Due to the long term nature of the company's operations and the requirement to provide for future obligations arising from the grant of licences to operate waste transfer and disposal facilities, it has provided guarantees underwritten (in the form of bonds) by United Kingdom financial institutions to secure funds to meet these obligations.

No financial liabilities are expected to crystallise from the contingent liabilities.

Viridor Waste Kent Limited

Notes to the Unaudited Financial Statements for the Year Ended 31 March 2021 (continued)

26 Related party transactions

The inter-company relationships described below relate to the relationships that existed at 31 March.

Year end balances

	Note	31 March 2021 £000	31 March 2020 £000
Non-current receivables			
Fellow subsidiaries		374	374
	13	<u>374</u>	<u>374</u>
Current receivables			
Immediate parent company		285	683
Fellow subsidiaries		<u>2,652</u>	<u>2,054</u>
	18	<u>2,937</u>	<u>2,737</u>
Non-current borrowings			
Immediate parent company		(13,946)	-
Fellow subsidiaries		<u>(1,036)</u>	<u>(1,036)</u>
	21	<u>(14,982)</u>	<u>(1,036)</u>
Current borrowings			
Immediate parent company		-	(1,000)
	21	<u>-</u>	<u>(1,000)</u>
Current trade payables			
Immediate parent company		(6,625)	(8,388)
Fellow subsidiaries		<u>(682)</u>	<u>(978)</u>
	20	<u>(7,307)</u>	<u>(9,366)</u>

The loan from the immediate parent company is unsecured and repayable on demand. Interest is charged at a fixed rate of 1.1% (2020: with 50% of the balance at a fixed rate of 5.0% and 50% of the balance at the Bank of England base rate plus 0.25%).

The trading balances due to or from the related parties are interest free, unsecured and repayable on demand.

Viridor Waste Kent Limited

Notes to the Unaudited Financial Statements for the Year Ended 31 March 2021 (continued)

26 Related party transactions (continued)

Transactions with related parties

Income from related parties:

	Immediate parent company £ 000	Fellow subsidiaries £ 000	Total £000
2021			
Sale of goods and services	3,604	19,378	22,982

	Immediate parent company £ 000	Fellow subsidiaries £ 000	Total £000
2020			
Sale of goods and services	1,896	27,407	29,303

Expenditure with related parties:

		Ultimate parent company £ 000	Immediate parent company £ 000	Fellow subsidiaries £ 000	Total £000
2021	Note				
Purchase of goods and services		-	(436)	(2,796)	(3,232)
Administrative charges		-	(4,516)	-	(4,516)
Payment for provision of loan finance	8	(1)	(231)	-	(232)
		(1)	(5,183)	(2,796)	(7,980)

		Ultimate parent company £ 000	Immediate parent company £ 000	Fellow subsidiaries £ 000	Total £000
2020	Note				
Purchase of goods and services		-	(477)	(785)	(1,262)
Administrative charges		-	(3,421)	-	(3,421)
Payment for provision of loan finance	8	(6)	(37)	-	(43)
		(6)	(3,935)	(785)	(4,726)

Sales and purchases of goods and services with fellow subsidiaries of Viridor Limited are undertaken on normal commercial terms and conditions that would also be available to unrelated third parties.

Viridor Waste Kent Limited

Notes to the Unaudited Financial Statements for the Year Ended 31 March 2021 (continued)

27 Parent and ultimate parent undertaking

The following information relates to the Group structure that existed at 31 March 2021.

The company's immediate parent is Viridor Waste Management Limited.

The ultimate parent was KKR Planets Aggregator L.P..

The most senior parent entity producing publicly available financial statements was Planets UK MidCo Limited. These financial statements are available upon request from 11th Floor, 200 Aldersgate Street, London, United Kingdom, EC1A 4HD

Relationship between entity and parents

The parent of the largest group in which these financial statements are consolidated is Planets UK MidCo Limited, incorporated in England.

The address of Planets UK MidCo Limited is:

11th Floor, 200 Aldersgate Street, London, United Kingdom, EC1A 4HD

The parent of the smallest group in which these financial statements are consolidated is Viridor Limited, incorporated in England.

The address of Viridor Limited is:

Viridor House, Priory Bridge Road, Taunton, Somerset, TA1 1AP

28 Non adjusting events after the financial period

Viridor Group Restructure - Transfer out of recycling trade and assets

Since the year end the Company has transferred its trade and assets in relation to the Crayford materials recycling facility and Rochester Plastics recycling facility to fellow subsidiaries of Viridor Limited.

The assets were transferred at book value and no consideration was receivable for the transfer of the trade, being a common control transaction.









VT1 Viridor Waste Kent Ltd 31.03.2021

Final Audit Report

2021-12-21

Created:	2021-12-21
By:	Kate Slade (kslade@viridor.co.uk)
Status:	Signed
Transaction ID:	CBJCHBCAABAAAY6ImYOnjQkw01I5Is5hLa9LM_tg9DXq

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-  Document emailed to Nicholas Maddock (nmaddock@viridor.co.uk) for signature
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