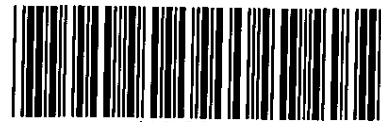


Registered number: 07977364

**VIRIDOR TRIDENT PARK LIMITED**

**ANNUAL REPORT  
AND  
FINANCIAL STATEMENTS FOR THE YEAR  
ENDED 31 MARCH 2017**

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VIRIDOR TRIDENT PARK LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

for the year ended 31 March 2017

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# **VIRIDOR TRIDENT PARK LIMITED**

## **STRATEGIC REPORT**

The Directors present their Strategic Report for the year ended 31 March 2017.

### **PRINCIPAL ACTIVITIES**

The principal activity of the Company is the generation of renewable energy from waste through an Energy Recovery Facility ("ERF") at Trident Park, Cardiff.

### **BUSINESS REVIEW**

#### **Financial results**

Revenues were £12,578,000 (40.1%) above last year at £43,969,000 (2016 £31,391,000).

Operating profit amounted to £19,891,000 (2016 £8,236,000). The operating margin was 45.2% (2016 26.2%).

The Company's taxation position results in a credit of £338,000 (2016 £1,595,000 credit).

#### **Investment**

Capital expenditure in the year totalled £402,000 (2016 £1,930,000). The Company is committed to ensuring its facilities continue to meet the highest performance and environmental standards.

#### **Financing**

Sufficient funding facilities are in place to cover both medium and long-term requirements. These are expected to be renewed as necessary.

In accordance with the Company's financial risk management policies as set out in note 3 of the Financial Statements, financing strategies will continue to be developed by the ultimate parent company, Pennon Group plc.

#### **Dividends and reserves**

No interim dividends were paid in the year (2016 nil). The Directors do not recommend the payment of a final dividend (2016 nil).

The balance of reserves at 31 March 2017 was a surplus of £2,100,000 (2016 £1,318,000 deficit).

#### **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 20 to 24 and 46 to 49 of Viridor Limited's Annual Report and Accounts which does not form part of this Report.

#### **Key performance indicators ('KPIs')**

The directors of Viridor Limited 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 19 of Viridor Limited's Annual Report and Accounts which does not form part of this Report.

# VIRIDOR TRIDENT PARK LIMITED

## STRATEGIC REPORT (Continued)

### BUSINESS REVIEW (Continued)

#### Environment

The Company recognises the importance of its environmental responsibilities, monitors its impact on the environment, and designs and implements policies to reduce any damage that might be caused by its activities. The Company is subject to significant regulation and must comply with the high standards set by the Environment Agency. Pennon Group plc, the ultimate parent company, has a long-established environmental policy, as set out in its annual report and on its website ([www.pennon-group.co.uk/sustainability](http://www.pennon-group.co.uk/sustainability)), neither of which form part of this Report.

#### Future developments

Energy from waste is central to the UK's waste and renewable energy strategies as the long-term, low-cost alternative to landfill for disposal of residual waste. The Company continues to take advantage of this growing market.

The Strategic Report was approved by the Board of Directors and authorised for issue on 21 December 2017 and was signed on its behalf by:



E A J REES  
Director

# **VIRIDOR TRIDENT PARK LIMITED**

## **DIRECTORS' REPORT**

The Directors present their Directors' Report and financial statements for the year ended 31 March 2017.

The Directors' report is prepared in accordance with the provisions of the Companies Act 2006 and regulations made thereunder. It comprises pages 3 and 4 as well as any matters incorporated by reference.

Information regarding the Company, 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 and 2.

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.

## **DONATIONS**

No political donations were made, no political expenditure was incurred and no contributions were made to a non-EU political party during the year (2016 nil).

## **FINANCIAL RISK MANAGEMENT**

Details of the Company's financial risk management objectives and policies and exposure to financial risks (market risk (interest rate risk), liquidity risk and credit risk) are set out at note 3 on pages 13 and 14.

## **FINANCIAL INSTRUMENTS**

Details of the Company's financial instruments are provided in note 2(h) on page 12, and note 11 on page 19.

## **FUTURE DEVELOPMENTS**

The future developments of the Company are discussed in the Strategic Report on pages 1 to 2.

## **DIRECTORS**

The Directors who served on the Board during the year and up to the date of signing the financial statements were:

A D Cumming  
P C Piddington  
E A J Rees

## **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.

# **VIRIDOR TRIDENT PARK LIMITED**

## **DIRECTORS' REPORT (Continued)**

### **EMPLOYEES**

The Company has no employees (2016 none). Services provided by the Company were undertaken by employees of Viridor Waste Management Limited, and policies relating to the training and development and involvement of employees in the affairs, policy and performance of the Company can be found in that Company's Annual Report and Financial Statements.

### **PARENT COMPANY**

The Company is a subsidiary of Viridor Waste Management Limited. Its ultimate parent undertaking is Pennon Group plc.

The Company has no subsidiary companies.

### **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 prepared the Company financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union. 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 and the Company and of the profit or loss of the Company for that period. In preparing these financial statements, the Directors are required to:

- Select suitable accounting policies and then apply them consistently;
- Make judgements and accounting estimates that are reasonable and prudent;
- State whether applicable IFRSs as adopted by the European Union have been followed, subject to any material departures disclosed and explained in the financial statements,
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and 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.

Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

### **INDEPENDENT AUDITORS**

In accordance with Section 479A of the Companies Act 2006 ("the Act"), the Company, as a wholly owned subsidiary of a company registered in the United Kingdom, is entitled to exemption from audit as conferred by the Act.

By Order of the Board



K SENIOR  
Company Secretary

21 December 2017

# VIRIDOR TRIDENT PARK LIMITED

## Income statement for the year ended 31 March 2017

	Notes	2017 £000	2016 £000
Revenue		43,969	31,391
<b>Operating costs</b>	5		
Manpower costs		(1,936)	(1,648)
Raw materials and consumables used		(4,555)	(4,261)
Other operating expenses		(9,904)	(8,586)
Depreciation and impairment	5	(7,683)	(8,660)
<b>Operating profit</b>		<u>19,891</u>	<u>8,236</u>
Finance income		533	547
Finance costs		(17,344)	(12,151)
Net finance costs	6	<u>(16,811)</u>	<u>(11,604)</u>
<b>Profit/(loss) before tax</b>		<u>3,080</u>	<u>(3,368)</u>
Taxation	7	338	1,595
<b>Profit/(loss) for the year</b>		<u>3,418</u>	<u>(1,773)</u>
Profit/(loss) attributable to owners of the parent		<u>3,418</u>	<u>(1,773)</u>

The notes on pages 10 to 25 form part of these financial statements.

VIRIDOR TRIDENT PARK LIMITED

**Statement of comprehensive income for the year ended 31 March 2017**

	Notes	2017 £000	2016 £000
<b>Profit/(loss) for the year</b>		<u>3,418</u>	<u>(1,773)</u>
<b>Total comprehensive income for the year</b>	20	<u>3,418</u>	<u>(1,773)</u>
Attributable to owners of the parent		<u>3,418</u>	<u>(1,773)</u>

The notes on pages 10 to 25 form part of these financial statements



# VIRIDOR TRIDENT PARK LIMITED

## Balance sheet at 31 March 2017

	Notes	2017 £000	2016 £000
<b>Assets</b>			
<b>Non-current assets</b>			
Property, plant and equipment	10	<u>211,345</u>	<u>218,626</u>
		<b>211,345</b>	<b>218,626</b>
<b>Current assets</b>			
Inventories	12	1,811	1,434
Trade and other receivables	13	28,649	16,872
Cash and cash equivalents	14	196	239
Current tax recoverable	16	<u>10,628</u>	<u>8,751</u>
		<b>41,284</b>	<b>27,296</b>
<b>Total assets</b>		<u><b>252,629</b></u>	<u><b>245,922</b></u>
<b>Equity</b>			
Share capital	19	-	-
(Retained earnings)/accumulated losses and other reserves	20	<u>(2,100)</u>	<u>1,318</u>
<b>Total equity</b>		<u><b>(2,100)</b></u>	<u><b>1,318</b></u>
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
Borrowings	17	(201,989)	(230,870)
Deferred tax liability	18	<u>(9,167)</u>	<u>(7,628)</u>
		<u><b>(211,156)</b></u>	<u><b>(238,498)</b></u>
<b>Current liabilities</b>			
Trade and other payables	15	(29,503)	(7,959)
Borrowings	17	<u>(9,870)</u>	<u>(783)</u>
		<u><b>(39,373)</b></u>	<u><b>(8,742)</b></u>
<b>Total liabilities</b>		<u><b>(250,529)</b></u>	<u><b>(247,240)</b></u>
<b>Total equity and liabilities</b>		<u><b>(252,629)</b></u>	<u><b>(245,922)</b></u>

The notes on pages 10 to 25 form part of these financial statements.

For the period ending 31 March 2017 the Company was entitled to exemption from audit under section 479A of the Companies Act 2006 relating to subsidiary companies.

Directors' responsibilities:

- (i) the members have not required the Company to obtain an audit of its accounts for the period in question in accordance with section 476,
- (ii) 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 5 to 25 were approved by the Board of Directors and authorised for issue on 21 December 2017 and were signed on its behalf by :



E A J REES  
Director

Registered number: 07977364

# VIRIDOR TRIDENT PARK LIMITED

## Statement of changes in equity for the year ended 31 March 2017

	Share capital £000	Retained earnings £000	Total equity £000
As at 1 April 2015	-	455	455
Loss for the year	-	(1,773)	(1,773)
Total comprehensive loss for the year	-	(1,773)	(1,773)
As at 31 March 2016	-	(1,318)	(1,318)
Profit for the year	-	3,418	3,418
Total comprehensive income for the year	-	3,418	3,418
<b>As at 31 March 2017</b>	-	2,100	2,100

The notes on pages 10 to 25 form part of these financial statements.

Total comprehensive income for the year and total comprehensive loss for the preceding year are attributable to owners of the parent only.

# VIRIDOR TRIDENT PARK LIMITED

## Cash flow statement for the year ended 31 March 2017

	Notes	2017 £000	2016 £000
<b>Cash flows from operating activities</b>			
Cash generated from operations	21	15,502	14,205
Interest paid		(17,344)	(12,151)
Net cash (used in)/generated from operating activities		<u>(1,842)</u>	<u>2,054</u>
<b>Cash flows from investing activities</b>			
Interest received		533	547
Purchase of property, plant and equipment		(790)	(1,930)
Net cash used in investing activities		<u>(257)</u>	<u>(1,383)</u>
<b>Cash flows generated from financing activities</b>			
Repayment of borrowings		(57,875)	(1,613)
Proceeds from new finance leases		59,931	-
Net cash generated from/(used in) financing activities		<u>2,056</u>	<u>(1,613)</u>
<b>Net decrease in cash and cash equivalents</b>		<b>(43)</b>	<b>(942)</b>
Cash and cash equivalents at beginning of the period		239	1,181
<b>Cash and cash equivalents at end of the period</b>	14	<u><b>196</b></u>	<u>239</u>

The notes on pages 10 to 25 form part of these financial statements.

# VIRIDOR TRIDENT PARK LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

### 1. General information

Viridor Trident Park Limited is a private limited company domiciled and registered in the United Kingdom under the Companies Act 2006. The address of the registered office is Peninsula House, Rydon Lane, Exeter, Devon, EX2 7HR. The nature of the Company's operations and its principal activities are set out in the Strategic Report on pages 1 to 2.

### 2. Principal accounting policies

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

#### (a) Basis of preparation

These financial statements have been prepared on the historical cost accounting basis (except fair value items, principally derivatives as described in accounting policy 2(f) and in accordance with International Financial Reporting Standards ('IFRS'), and International Financial Reporting Interpretations Committee ('IFRIC') interpretations as adopted by the European Union, and with those parts of the Companies Act 2006 applicable to companies reporting under IFRS. A summary of the principal accounting policies is set out below, together with an explanation where changes have been made to previous policies on the adoption of new accounting standards and interpretations in the year.

The going concern basis has been adopted in preparing these financial statements as stated by the Directors on page 3.

The new standards or interpretations which were mandatory for the first time in the year beginning 1 April 2016 did not have a material impact on the net assets or results of the Company.

Standards and interpretations in issue, but not yet effective, are not expected to have a material effect on the Company's net assets or results.

The new standards, or interpretations in issue, but not yet effective, including IFRS 15 'Revenue from contracts with customers' and IFRS 16 'Leases' have been considered and are not expected to have a material impact on the company's net assets or results

The preparation of financial statements in conformity with IFRS 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 year. 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 as set out in note 4.

#### (b) Foreign currencies

Transactions in overseas currencies are translated into local currency at the exchange rates ruling on the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated into local currency at the rate ruling at the year end. Exchange differences arising on foreign exchange transactions and the retranslation of assets and liabilities into sterling at the rate ruling at the year end are taken into account in determining profit before taxation.

The Company manages its foreign exchange risk through the use of forward contracts. Changes in the fair value of these forward contracts are immediately recognised in the income statement.

# VIRIDOR TRIDENT PARK LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (Continued)

### 2. Principal accounting policies (continued)

#### (c) Property, plant and equipment

Property, plant and equipment is included at cost less accumulated depreciation

Property, plant and equipment is depreciated evenly to their residual value over their estimated economic lives, principally:

Fixed and mobile plant, vehicles and computers                      3 - 40 years

Assets in the course of construction are not depreciated until commissioned.

The cost of assets includes directly attributable labour and overhead costs which are incremental to the Company. Borrowing costs that are directly attributable to the construction of a qualifying asset (an asset necessarily taking a substantial period of time to be prepared for its intended use) are capitalised as part of the asset.

Finance income received during the construction period represents finance income received from short-term investment of cash balances held to make payments for additions to property, plant and equipment. This finance income is capitalised as a deduction in the calculation of net borrowing costs.

Asset lives and residual values are reviewed annually.

Gains or losses on disposal are determined by comparing sale proceeds with carrying amounts. These are included in the income statement in other operating expenses.

#### (d) Impairment of non-financial assets

Assets which are subject to depreciation 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. Value in use represents the present value of projected future cash flows, discounted using a pre-tax discount rate which reflects an assessment of the cost of capital of the cash-generating unit.

Impairments are charged to the income statement in the year in which they arise.

#### (e) Leased assets

Assets held under finance leases are included in the balance sheet as property, plant and equipment at the lower of their fair value at commencement or the present value of the minimum lease payments and are depreciated over their estimated economic lives or the finance lease period, whichever is the shorter. The corresponding liability is recorded as borrowings. The interest element of the rental costs is charged against profits using the actuarial method over the period of the lease.

Rental costs arising under operating leases are charged against profits in the year they are incurred.

#### (f) Inventories

Inventories are stated at the lower of cost and net realisable value.

#### (g) Cash and cash equivalents

Cash and cash equivalents comprise cash in hand and short-term deposits held at banks.

# VIRIDOR TRIDENT PARK LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (Continued)

### 2. Principal accounting policies (continued)

#### (h) Derivatives and financial instruments

The Company classifies its financial instruments in the following categories:

##### *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.

##### *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.

#### (i) 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.

#### (j) Taxation including deferred tax

The tax charge 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 also recognised in the statement of comprehensive income or directly in equity. Current tax is calculated on the basis of tax laws enacted or substantively enacted at the balance sheet date. Management periodically evaluates tax items subject to interpretation and establishes full provisions on individual tax items where in the judgement of management the position is uncertain.

The Company is part of the Pennon Group for tax purposes and accordingly may use the group tax relief provisions whereby current tax liabilities can be offset by current tax losses arising in other companies within the same tax group. Payment for group relief may be made up to an amount equal to the tax benefit and amounts are included within the current tax disclosures.

Deferred tax is provided in full on temporary differences between the carrying amount of assets and liabilities in the financial statements and the tax base, except if it arises from initial recognition of an asset or liability in a transaction, other than a business combination, that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred tax assets are recognised only to the extent that it is probable that future taxable profits will be available against which the assets can be realised. Deferred tax is determined using the tax rates enacted or substantively enacted at the balance sheet date, and expected to apply when the deferred tax liability is settled or the deferred tax asset is realised.

#### (k) Share capital

Ordinary shares are classified as equity.

# VIRIDOR TRIDENT PARK LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (Continued)

### Principal accounting policies (continued)

### 3. Financial risk management

#### (a) Financial risk factors

The Company's activities expose it to a variety of financial risks; market risk (interest rate risk), liquidity risk, credit risk and foreign exchange risk. The Company receives treasury services from the treasury function of Pennon Group plc, its ultimate parent company, which seeks to ensure that sufficient funding is available to meet foreseeable needs, maintains reasonable headroom for contingencies and manages inflation, foreign exchange and interest rate risk.

The principal financial risks faced by the Company relate to interest rate, counterparty credit risk and foreign exchange risk.

Treasury operations are managed in accordance with policies established by the Pennon Group plc board. Major transactions are individually approved by that board and are subject to review by internal audit.

Financial instruments are used to manage interest rate and exchange rate risk. The Company and Pennon Group plc do not engage in speculative activity.

#### i) Market risk

Viridor Waste Management Limited is responsible for setting interest rates for the Viridor Group.

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 2017, if interest rates on net borrowings had been 0.5% higher/lower with all other variables held constant, net finance costs capitalised in the period would have increased/decreased by £886,000 (2016 £932,000).

#### ii) Liquidity risk

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

Refinancing risk is managed under Pennon Group plc policies. The Company has not entered into any covenants with lenders. Pennon Group plc manages and determines 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
<b>31 March 2017</b>					
<i>Non-derivative financial liabilities</i>					
Borrowings excluding finance lease liabilities	4,532	5,325	15,976	101,181	127,014
Interest payments on borrowings	10,925	10,450	28,501	81,228	131,104
Finance lease liabilities including interest	6,196	6,163	18,490	88,405	119,254
<b>31 March 2016</b>					
<i>Non-derivative financial liabilities</i>					
Borrowings excluding finance lease liabilities	-	8,989	26,966	170,783	206,738
Interest payments on borrowings	6,977	6,674	18,202	51,876	83,729
Finance lease liabilities including interest	783	888	2,886	20,358	24,915

## VIRIDOR TRIDENT PARK LIMITED

### NOTES TO THE FINANCIAL STATEMENTS (Continued)

#### 3. Financial risk management (continued)

##### (a) Financial risk factors (continued)

###### *iii) Credit risk*

Credit risk arises from cash and cash deposits with banks and financial institutions, as well as exposure to trade customers, including outstanding receivables.

Counterparty risk arises from the investment of surplus funds which are pooled with certain other Pennon Group companies. Surplus funds of the Company are usually placed in short-term fixed interest deposits or the overnight money markets. All deposits are with counterparties that have a credit rating threshold approved by the board of Pennon Group plc.

The principal credit risks faced by the Company can be found in the Annual Report and Financial Statements of Viridor Limited, the intermediate holding company.

###### *iv) Foreign currency risk*

Foreign currency risk occurs at transactional and translation level from deposits and transactions in foreign currencies. These risks are managed through forward exchange contracts which provide certainty over foreign currency risk.

##### (b) Capital risk management

The principal capital risks faced by the Company can be found in the Annual Report and Financial Statements of Viridor Limited, the intermediate holding company.

##### (c) Determination of fair values

The Company's financial instruments are valued using inputs other than quoted prices that are directly observable for the asset class or liability.

#### 4. Critical accounting judgements and estimates

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

##### *(a) Carrying value of deferred tax assets*

The carrying value of deferred tax assets at 31 March 2017 is nil (2016 nil). The carrying value of the deferred tax asset is supported on the basis that the Company will have sufficient future taxable profits to recover the tax asset as the temporary differences unwind. Deferred tax is shown as a liability for the year of £9,167,000 (2016 £7,628,000) reflecting the activity during the year.

##### *(b) Impairment of non-financial assets*

In order to determine whether impairments are required the Company estimates the recoverable amount of an individual asset or assets grouped at the lowest level for which there are separately identifiable cash flows (cash generating units).

Impairment calculations are based on projections of future cash flows for the cash generating unit and the use of a terminal value to incorporate expectations of growth after the period covered by specific plans. The cash flows are discounted by the weighted average cost of capital appropriate to the business stream which is reviewed on an annual basis.

If the cash flow or discount rate assumptions were to change because of market conditions, the level of impairment could be different and could result in the impairment being increased or reversed, in part or in full, at a future date. The principal assumptions used to assess impairment are set out in note 10 of the financial statements.



# VIRIDOR TRIDENT PARK LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (Continued)

### 5. Operating profit

#### Revenue

All revenue is from the integrated recycling, renewable energy and waste management business and arises in the UK.

#### Operating costs

	Notes	2017 £000	2016 £000
Manpower costs	8	1,936	1,648
Raw materials and consumables		4,555	4,261
<b>Other operating expenses:</b>			
Operating lease rentals payable:			
- Buildings		97	-
- Plant and machinery		-	224
- Other		-	12
Trade receivables impairment	13	(18)	18
Power		-	46
Rates		1,337	889
Hired and contracted services		7,840	6,609
Royalties		577	411
Other external charges		71	377
		9,904	8,586
Depreciation of property, plant and equipment:			
- Owned assets		4,546	7,500
- Under finance leases		3,137	1,160
	10	7,683	8,660

### 6. Net finance costs

	2017 £000	2016 £000
<i>Finance income</i>		
Bank interest	-	2
Loan to immediate parent undertaking	533	545
	533	547
<i>Finance costs</i>		
Finance lease	(680)	(754)
Loan from immediate parent undertaking	-	(1,514)
Loan from intermediate parent undertaking	(16,664)	(9,883)
	(17,344)	(12,151)
Net finance costs	(16,811)	(11,604)

# VIRIDOR TRIDENT PARK LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (Continued)

### 7. Taxation

	Note	2017 £000	2016 £000
<b>Analysis of credit in period</b>			
Current tax		(1,877)	(3,903)
Deferred tax	18	1,539	2,308
Tax credit for period		<u>(338)</u>	<u>(1,595)</u>

UK corporation tax is calculated at 20% (2016 20%) of the estimated assessable result for the period.

The deferred tax charge for the year ended 31 March 2017 includes a non-recurring credit of £755,000 arising from a reduction in the rate of corporation tax.

The tax for the period differs from the theoretical amount which would arise using the standard rate of corporation tax in the UK (20%) (2016 20%) from.

	2017 £000	2016 £000
Result on ordinary activities before tax	<u>3,080</u>	<u>(3,368)</u>
Result before tax multiplied by standard rate of UK corporation tax (20%) (2016 20%)	616	(674)
Effects of:		
Expenses not deductible for tax purposes	327	312
Change in rate of corporation tax	(755)	(1,071)
Adjustments to tax charge in respect of prior periods	(526)	(162)
Tax credit for period	<u>(338)</u>	<u>(1,595)</u>

The average applicable tax rate for the year was minus 11% (2016: 47%)

### 8. Employment costs

The Company had no employees during the year (2016 none). Services provided by the Company were undertaken by employees of Viridor Waste Management Limited, a fellow subsidiary undertaking. Viridor Waste Management Limited charged a service fee to the Company including the amounts recorded below for 38 (2016 36) employees who worked predominantly for the Company.

	2017 £000	2016 £000
Wages and salaries	1,687	1,388
Social security costs	181	161
Pension costs	68	99
	<u>1,936</u>	<u>1,648</u>

Details of Directors' emoluments are set out in note 9. 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.

### 9. Directors' emoluments

	2017 £000	2016 £000
Aggregate emoluments of the Directors in respect of their services	<u>57</u>	<u>51</u>

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.

# VIRIDOR TRIDENT PARK LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (Continued)

### 10. Property, plant and equipment

	Freehold land and buildings £000	Short-term leasehold land and buildings £000	Fixed and mobile plant, vehicles and computers £000	Assets under construction £000	Total £000
<b>Cost :</b>					
At 1 April 2015	5	11,954	203,339	11,659	226,957
Additions	-	-	-	1,930	1,930
Transfers/reclassifications	11,959	-	1,523	(13,482)	-
At 31 March 2016	11,964	11,954	204,862	107	228,887
Additions	-	-	-	402	402
Transfers/reclassifications	(11,959)	-	11,977	(18)	-
<b>At 31 March 2017</b>	<b>5</b>	<b>11,954</b>	<b>216,839</b>	<b>491</b>	<b>229,289</b>
<b>Accumulated depreciation:</b>					
At 1 April 2015	-	-	1,601	-	1,601
Charge for year	-	-	8,660	-	8,660
At 31 March 2016	-	-	10,261	-	10,261
Charge for year	-	-	7,683	-	7,683
<b>At 31 March 2017</b>	<b>-</b>	<b>-</b>	<b>17,944</b>	<b>-</b>	<b>17,944</b>
At 1 April 2015	5	11,954	201,738	11,659	225,356
At 31 March 2016	11,964	11,954	194,601	107	218,626
<b>At 31 March 2017</b>	<b>5</b>	<b>11,954</b>	<b>198,895</b>	<b>491</b>	<b>211,345</b>

There were no additions to property, plant and equipment of capitalised interest during the year (2016 nil) and the total capitalised interest included in cost carried forward is £26,111,000.

### Impairment testing for property, plant and equipment

Property, plant and equipment is reviewed for impairment when any indicators of impairment are identified. Most of the individual assets do not generate independent cash flows and as a result, for the purposes of impairment reviews, the assets are grouped into cash generating units (CGUs). The CGUs of the Company comprise individual sites which constitute the smallest identifiable group of assets that generate cash inflows that are largely independent of the cash inflows from other assets or group of assets.

The carrying value of these individual sites is compared to the recoverable amount of the CGUs, which is based predominantly on value-in-use. Value-in-use calculations are prepared from the base cash flow projections which have been derived from detailed budget and strategic plan projections. These cover a period of seven years and are prepared as part of the annual planning cycle. Long term growth rates of 3%, based on forecast of growth in waste management markets and the UK economy, are applied to cash flows beyond the seven-year period, with overheads expected to grow at 1% based on ongoing efficiency expectations of 2% per annum.

These plans are based on detailed market-by-market forecasts of projected volumes, prices and costs for each business activity. These forecasts reflect, on an individual operational site basis, numerous assumptions and estimates. The key assumptions include anticipated changes in market size and volumes; recycle prices; energy selling prices; gate fees; the level of future landfill tax; and cost inflation. Management has determined the value assigned to each assumption based on historical experience, market surveys, industry analysis and current legislation. For business activities with an indefinite life a terminal growth rate has been used.

# VIRIDOR TRIDENT PARK LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (Continued)

### 10. *Property, plant and equipment (continued)*

#### **Impairment testing for property, plant and equipment (continued)**

For certain CGUs the recoverable amount is determined by reference to the fair value less costs to sell of the underlying assets using external and internal valuations of property and equipment and management's estimate of disposal costs.

The results of tests performed in the year demonstrate significant headroom in all CGUs and it is judged that no reasonable change in the key assumptions would cause the carrying amount of the CGUs to exceed the recoverable amount.

Asset lives and residual values are reviewed annually.

In the opinion of the Directors, there is no material difference between the market value and net book value of land and buildings

*Assets held under finance leases included above*

	Fixed and mobile plant, vehicles and computers £000
<b>Cost:</b>	
At 1 April 2016	24,895
Additions	60,105
	<hr/>
<b>At 31 March 2017</b>	<b>85,000</b>
<b>Accumulated depreciation:</b>	
At 1 April 2016	1,229
Adjustment	2,966
Revised balance at 1 April 2016	4,195
	<hr/>
Charge for the year	3,137
	<hr/>
<b>At 31 March 2017</b>	<b>7,332</b>
<b>Net book value:</b>	
At 1 April 2016	23,666
	<hr/>
<b>At 31 March 2017</b>	<b>77,668</b>
	<hr/>

# VIRIDOR TRIDENT PARK LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (Continued)

### 11. Financial instruments by category

	Note	Loans and receivables £000	Amortised cost Trade receivables and trade payables £000	Total £000
<b>31 March 2017</b>				
<b>Financial assets</b>				
Trade and other receivables	13	-	23,973	23,973
Cash and cash equivalents	14	196	-	196
		<b>196</b>	<b>23,973</b>	<b>24,169</b>
<b>Financial liabilities</b>				
Borrowings	17	127,014	-	127,014
Finance lease liabilities	17	84,845	-	84,845
Trade and other payables	15	-	27,417	27,417
		<b>211,859</b>	<b>27,417</b>	<b>239,276</b>
<b>31 March 2016</b>				
<b>Financial assets</b>				
Trade and other receivables	13	-	15,556	15,556
Cash and cash equivalents	14	239	-	239
		<b>239</b>	<b>15,556</b>	<b>15,795</b>
<b>Financial liabilities</b>				
Borrowings	17	(206,738)	-	(206,738)
Finance lease liabilities	17	(24,915)	-	(24,915)
Trade and other payables	15	-	(5,563)	(5,563)
		<b>(231,653)</b>	<b>(5,563)</b>	<b>(237,216)</b>

# VIRIDOR TRIDENT PARK LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (Continued)

### 12. Inventories

	2017 £000	2016 £000
Raw materials and consumables	<u>1,811</u>	<u>1,434</u>

### 13. Trade and other receivables - current

	2017 £000	2016 £000
Trade receivables	2,784	1,037
Less: trade receivables impairment	-	(18)
Net trade receivables	<u>2,784</u>	<u>1,019</u>
Amounts due from immediate parent undertaking	21,189	14,537
Prepayments and accrued income	<u>4,676</u>	<u>1,316</u>
	<u>28,649</u>	<u>16,872</u>

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

### 14. Cash and cash equivalents

	2017 £000	2016 £000
Cash at bank and in hand	<u>196</u>	<u>239</u>

### 15. Trade and other payables – current

	2017 £000	2016 £000
Trade payables	5	-
Amounts due to immediate parent undertaking	14,729	5,563
Amounts due to intermediate parent undertaking	12,608	-
Amounts due to fellow subsidiary	75	-
Accruals	<u>2,086</u>	<u>2,396</u>
	<u>29,503</u>	<u>7,959</u>

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

### 16. Current tax

	2017 £000	2016 £000
UK corporation tax recoverable	<u>10,628</u>	<u>8,751</u>

# VIRIDOR TRIDENT PARK LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (Continued)

### 17. Borrowings

	2017 £000	2016 £000
<b>Current</b>		
Amounts due to intermediate parent undertaking	4,532	-
Obligations under finance leases	5,338	783
	<u>9,870</u>	<u>783</u>
<b>Non-current</b>		
Amounts due to intermediate parent undertaking	122,482	206,738
Obligations under finance leases	79,507	24,132
	<u>201,989</u>	<u>230,870</u>
<b>Total borrowings</b>	<u>211,859</u>	<u>231,653</u>

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

The fair values of the non-current borrowings are :

	2017		2016	
	Book value £000	Fair value £000	Book Value £000	Fair value £000
Amounts due to intermediate parent undertaking	122,482	185,438	206,738	200,289
Obligations under finance leases	79,507	79,507	24,132	24,132
	<u>201,989</u>	<u>264,945</u>	<u>230,870</u>	<u>224,421</u>

The maturity of non-current borrowings is :

	2017 £000	2016 £000
Between one and two years	8,633	9,877
Between two and five years	26,630	29,852
Over five years	166,726	191,141
	<u>201,989</u>	<u>230,870</u>

The weighted average maturity of non-current borrowings was 16.8 years (2016 22.1 years).

Finance lease liabilities – minimum lease payments:

	2017 £000	2016 £000
Within one year	6,196	1,481
In the second to fifth years inclusive	24,653	7,462
After five years	88,405	28,800
	<u>119,254</u>	<u>37,743</u>
Less: future finance charges	(34,409)	(12,828)
	<u>84,845</u>	<u>24,915</u>

The maturity of finance lease liabilities was:

	2017 £000	2016 £000
Within one year	5,338	783
In the second to fifth years inclusive	13,962	3,774
After five years	65,545	20,358
	<u>84,845</u>	<u>24,915</u>

The loan from the intermediate parent undertaking is unsecured. Interest is charged on the borrowings on a daily basis with the senior debt charged at 7.0% and the junior debt charged at 13.0%. During the construction phase the interest was capitalised and rolled up within the debt until repayments commenced when the plant was commissioned.

# VIRIDOR TRIDENT PARK LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (Continued)

### 18. Deferred tax liability

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

Movements on the deferred tax account were:

	2017 £000	2016 £000
At start of the year	7,628	5,320
Charged to the income statement	1,539	2,308
At end of the year	<u>9,167</u>	<u>7,628</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.

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

The deferred tax balance has been reduced in 2016 by a debit of £755,000 to recognise the change in the rate of corporation tax enacted on 16 September 2016 to reduce the rate at 1 April 2020 from 18% to 17%.

Movements in deferred tax liabilities during the period were:

#### Deferred tax liabilities

	Accelerated tax depreciation £000	Total £000
As at 1 April 2015	5,320	5,320
Charged to the income statement	2,308	2,308
At 31 March 2016	<u>7,628</u>	<u>7,628</u>
Charged to the income statement	1,539	1,539
At 31 March 2017	<u>9,167</u>	<u>9,167</u>



# VIRIDOR TRIDENT PARK LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (Continued)

### 19. Share capital

	Allotted, called up and fully paid up £
At 1 April 2015	
100 ordinary shares of £1 each	100
At 31 March 2016	<u>100</u>
<b>At 31 March 2017</b>	<b><u>100</u></b>

### 20. Retained earnings and other reserves

	Retained earnings/ (Accumulated losses) £000	Total £000
At 1 April 2015	455	455
Loss for the period	(1,773)	(1,773)
At 31 March 2016	<u>(1,318)</u>	<u>(1,318)</u>
Profit for the period	3,418	3,418
<b>At 31 March 2017</b>	<b><u>2,100</u></b>	<b><u>2,100</u></b>

### 21. Cash generated from/(used in) operations

	2017 £000	2016 £000
Continuing operations:		
Profit/(loss) for the period before tax	3,080	(3,368)
Adjustments for :		
Depreciation charge	7,683	8,660
Finance income	(533)	(547)
Finance costs	17,344	12,151
Adjustments for changes in working capital:		
(Increase)/decrease in inventories	(377)	1,322
(Increase)/decrease in trade and other receivables	(11,776)	3,024
Increase /(decrease) in trade and other payables	81	(7,037)
Cash generated from operations	<u>15,502</u>	<u>14,205</u>

### 22. Operating lease commitments

The future aggregate minimum lease payments under non-cancellable operating leases are:

	2017 £000	2016 £000
Within one year	-	4
Later than one year and less than five years	-	9
	<u>-</u>	<u>13</u>

The Company leases various facilities under non-cancellable operating lease agreements. The leases have various terms, escalation clauses and renewal rights.

# VIRIDOR TRIDENT PARK LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (Continued)

### 23. Contingent liabilities

	2017 £000	2016 £000
Bank guarantees	196	239

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

No liability is expected to arise in respect of the guarantees.

### 24. Capital commitments

	2017 £000	2016 £000
Contracted but not provided	353	1,282

### 25. Related party transactions

During the period, the Company entered into the following transactions with related parties:

	2017 £000	2016 £000
<i>Intermediate parent undertaking</i>		
Finance charges for the provision of loan finance	(16,664)	(9,883)
<i>Immediate parent undertaking</i>		
Purchase of goods and services	-	(71)
Finance income for the provision of loan finance	533	545
Administrative charges	(4,848)	(3,367)
Finance charges for the provision of loan finance	-	(1,514)

#### Year end balances

##### *Receivables due from related parties*

Amounts due from immediate parent undertaking – short term working capital loan	-	2,794
Amounts due from immediate parent undertaking – trade and other receivables	21,189	11,743

##### *Payables due to related parties*

Amounts due to immediate parent undertaking – trade and other payables	(14,729)	(5,563)
Amounts due to intermediate parent undertaking -- trade and other payables	(12,608)	-
Amounts due to intermediate parent undertaking - loan	(127,014)	(206,738)
Amounts due to fellow subsidiary undertakings – trade and other payables	(75)	-

Interest is charged on the short term working capital loan from the immediate parent undertaking on a daily basis with 50% of the debt charged at 6.0% and 50% of the debt charged at Barclays Bank plc base rate +0.25%. No interest is charged on the other payables. These balances are unsecured and repayable on demand.

The interest and repayment terms of the loan from the intermediate parent undertaking are set out in note 17.

## VIRIDOR TRIDENT PARK LIMITED

### NOTES TO THE FINANCIAL STATEMENTS (Continued)

#### 26. Ultimate parent undertaking

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

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

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

The Company has no subsidiary companies.