

Company registration number: 04293742
Charitable company registration number: 1096538

Viridor Credits Environmental Company

(A company limited by guarantee)

Annual Report and Financial Statements

for the Year Ended 31 March 2021

Viridor Credits Environmental Company

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Viridor Credits Environmental Company

Strategic Report for the Year Ended 31 March 2021

The trustees present the statutory report with the accounts of Viridor Credits Environmental Company ('Viridor Credits') for the year ended 31 March 2021.

The report has been prepared in accordance with the Charities Act 2011 and the Companies Act 2006.

The accounts have been prepared in accordance with the accounting policies set out in Note 2 of the attached accounts and comply with Viridor Credits' memorandum and articles of association, applicable laws and the requirements of the Charities SORP FRS 102.

Objectives and Activities

Objectives

The principal objectives of Viridor Credits Environmental Company ("Viridor Credits") are:

- As an ENTRUST approved Distributive Environmental Body (DEB), to distribute Landfill Communities Funding (LCF) contributed by Viridor Limited in England in accordance with the objects and regulations approved by Her Majesty's Revenue and Customs (HMRC) and taking into account ENTRUST guidance.
- As a Scottish Environmental Protection Agency (SEPA) Approved Body, to distribute Scottish Landfill Communities Funding (SLCF) contributed by Viridor Limited in Scotland in accordance with the objects and regulations approved by Revenue Scotland and taking into account SEPA guidance.

The aim of Viridor Credits is to make a positive difference to local communities by providing funding for projects from Landfill Communities Funds. The funding is intended for capital works for eligible projects. Eligibility within the scheme regulations will be influenced by the strategic direction of the Viridor Credits Board of Trustees (the Board). In 2020-21 the Board wanted to continue to fund a greater proportion of community projects and a correspondingly lower proportion of heritage projects and to also increase the number of biodiversity projects funded.

Organisational success is measured by meeting the strategic objectives of the Board and the direction of travel required by HMRC, contained in guidance from our regulators, ENTRUST and SEPA. In 2020-21 this requirement included continued efforts to move funds more quickly to projects, enabling them to spend the agreed funds as quickly as possible and in doing so to reduce the level of funds held by Viridor Credits. It has been agreed by ENTRUST and HMRC that the target for all Environmental Bodies (EBs) will be 1.5 times the contribution received. The amount of funds spent on administration is also monitored by both the regulators albeit with different targets. These are set at 7.5% of payment spend on projects in England and 10% of contribution received in Scotland.

Activities

Every one of the 149 projects funded in 2020-21 will make a difference to the communities they serve. The nature of the difference made will depend on the type of project. All projects fit the objects of the LCF or SLCF.

Community projects are aimed at improving local facilities, for example, in village halls, community rooms or churches. Kitchens and toilets will typically be installed or refitted and many forms of community spaces refurbished. Improvements to playparks, sporting facilities and places of entertainment will also benefit local residents.

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Strategic Report for the Year Ended 31 March 2021

Heritage projects cover repairs to buildings of historic/architectural interest and places of worship that are accessible to the public and typically include church restorations, church bells and museum projects.

Biodiversity projects help protect the environment for all and typically include land purchases for the improvement of habitats benefiting particular species.

For more information and a full listing of projects funded in 2020-21 please refer to our 2020-21 Annual Review at www.viridor-credits.co.uk.

Public Benefit

The trustees have, in accordance with section 17(5) of the Charities Act 2011, had due regard to the Charity Commission's guidance on public benefit.

Achievements and Performance

Progress during the year

Since 2001, funding from Viridor Credits has been benefitting communities all over the UK. In 2014-15 Viridor Credits funded a record number of projects to a total value of £18.9m with the largest projects receiving over £500k each. Due to ever decreasing amounts of waste being sent to landfill sites this has declined each year since then with over £8.5m being awarded to community, heritage and biodiversity projects in 2017-18 and by this time the largest grant available had been reduced to £100k. This last year has seen over £4.2m awarded with the biggest decline in funding being seen in Scotland as the government seek to reach their zero waste to landfill target. The ban on landfilling Biodegradable Municipal Waste (BMW) was due to come into effect from January 2021. However, the implementation of the ban has been delayed to January 2025. As all the older and higher value projects have completed their spend so the annual reduction in unspent funds has continued to slow. However due to the first strict lockdown and subsequent reduction in contributions unspent funds held by Viridor Credits with respect to the LCF have decreased by over 16% and uncommitted funds have declined, even with an added reduction in the level put by for winding up, by over 70%. We remain well within the level of 1.5 times the contribution received.

149 projects have been approved for funding during 2020-21 amounting to an investment in local communities of over £4.2m. The Board's continuing wish to see a greater proportion of community projects has been realised with the percentage of the total funding awarded for such projects increasing to over 85% although the funding being awarded to biodiversity projects has decreased slightly to almost 5%.

The total administration budget set for 2020-21 was just under £350k and the final total spent came in at just under £302k. Total administrative costs have been maintained at a level below the maximum allowable expenditure set by ENTRUST and SEPA but administration expenditure will continue to be a focus for all our activities in the future.

Viridor Credits Environmental Company

Strategic Report for the Year Ended 31 March 2021

With no new major operational changes initially planned prior to the start of 2020-21, we found ourselves continually adapting to the ever-changing situation with regard to the Coronavirus pandemic. At the beginning of the year we had successfully migrated to our homes and managed to maintain 'business as usual'. All Board meetings, Team Meetings and Funding Meetings were completed virtually via Zoom. Funded projects continued to receive support and finances for work completed and we processed all new applications as we would have done from the office. Both of the regulators, ENTRUST and SEPA, remained supportive and flexible with extensions to project deadlines and ongoing advice. In October we were expecting to renew our lease on our office but due to there being no anticipated imminent Government advice to return to office working and also because of the success of the enforced home-working, the decision was made to close the office permanently. This was completed by the end of October 2020 and we have continued to work from our homes. Applicants have seen no disruption in our service at all throughout 2020-21 and the adjustment to the new way of operating was seamless. Viridor Credits retained its entire workforce and no staff have been furloughed. Site visits were paused during the year but pre-assessment and completion visits were completed using video and photographic evidence.

This has been our fifth year of allocating Viridor Limited's contribution for Scotland to projects throughout Scotland and this year saw the continuation of the expected decline in funding. For the last couple of years we have anticipated the Scottish funding coming to an end as contributions declined to the point where processing the significant number of applications still being received began to become untenable. However the extension to the ban on Biodegradable Municipal Waste going to landfill from January 2021 until January 2025 has meant contributions have been maintained at a level, currently, which has allowed funding to continue. Changes to our criteria for project applications for SLCF funding have meant numbers have dropped significantly. Excessive application numbers not only result in unnecessary administration but lead to an avoidable increase in disappointed applicants; however we have reduced numbers and been able to fund 23 deserving projects - a slight increase on the previous year. We are hopeful that we can now possibly continue for another year although the situation will need to be monitored closely throughout 2021-22.

Despite the Coronavirus pandemic, 2020-21 continued to be a settled year for the Viridor Credits' team from a political point of view. HMRC continue to focus their attentions on reducing the administration costs of all environmental bodies (EBs) in respect of the LCF and reducing the unspent funds held by each. The government confirmed in the March Budget statement that the potential value of the LCF for 2021-22 will be set at £34.4 million. The percentage credit that landfill site operators may claim against their annual Landfill Tax liability for LCF contributions made to EBs will be maintained at 5.3% from 1 April 2021. HMRC also confirmed the ENTRUST levy for 2021-22 would be increased to 2.91% from 2.26% of the contribution received. The SEPA levy has also increased for 2021-22 to 2.75% from 1.82%.

Future plans

Viridor Credits' strategy for 2021-22 was agreed by the Board of Trustees in October 2020. It takes into account the continuing desire of HMRC to deliver funding more quickly to local communities to reduce unspent funds and the impact of declining landfill tax receipts. Due to the Coronavirus pandemic the Board has agreed that projects ought to be given additional time to deliver if necessary.

Viridor Credits Environmental Company

Strategic Report for the Year Ended 31 March 2021

Financial review

In respect of the LCF in England Viridor Credits received contributions of £3,931,784 (2020: £4,952,487) from Viridor Limited in respect of the year, on which a levy of £95,958 (2020: £133,600) was payable to ENTRUST. There were no transfers received from other environmental bodies. Total grants paid and payable amounted to £3,767,360 (2020: £4,749,143) of which £3,902,084 (2020: £4,968,386) related to grants for projects offset by £134,723 related to grants withdrawn or underspent (2020: £219,243). Management and administration costs totalled £302,578 (2020: £303,456). Viridor Credits had total reserves at 31 March 2021 of £1,456,948 (2020: £1,659,891) in respect of England.

In Scotland for the SLCF Viridor Credits received contributions of £303,198 (2020: £378,896) from Viridor Limited in respect of the year, on which a levy of £5,518 (2020: £6,895) was payable to SEPA. Total Grants paid and payable amounted to £302,099 (2020: £291,906) of which £324,025 (2020: £295,897) related to grants for projects offset by £21,926 related to grants withdrawn or underspent (2020: £3,991). Management and administration costs totalled £28,576 (2020: £34,652). Viridor Credits had total reserves at 31 March 2021 of £128,086 (2020: £160,913) in respect of Scotland.

ENTRUST

Viridor Credits is registered with ENTRUST (registration number 331293), a regulatory organisation which oversees the operation of Environmental Bodies registered under the Landfill Communities Fund. ENTRUST charged a levy of 2.26% during 2020-21 of Viridor Credits' qualifying contributions received from Viridor Limited. The levy creditor outstanding at the year end is calculated at the rate pertaining to the date it was paid.

SEPA

Viridor Credits is registered with SEPA (registration number SLCF/AB/004), a regulatory organisation which oversees the operation of Approved Bodies registered under the Scottish Landfill Communities Fund. SEPA charged a levy of 1.82% during 2020-21 of Viridor Credits' qualifying contributions received from Viridor Limited.

Grants Policy

Viridor Credits makes grants to eligible projects under LCF and SLCF Regulations. Each project submitted to Viridor Credits is checked for basic eligibility and appraised to assess value for money, sustainability and proven need. Applications are scored against published criteria to ensure that the best available projects are recognised and funded. A network of regional steering groups ensured that some local knowledge was also brought to bear on funding decisions although these have been wound down now.

Reserves Policy

With the exception of a retained contingency fund (winding up reserve) reviewed annually by the Board, it is the policy of the Company to commit the Qualifying Contributions it receives from Viridor Limited to fund projects that meet the Objects of the Landfill Communities Fund and the Scottish Landfill Communities Fund, as set out in the relevant Landfill Tax Regulations. It was agreed in October 2020 to reduce the amount held in reserve for winding up from £500k to £400k and the additional £100k was awarded to projects.

The on-going costs of Viridor Credits are solely related to the approval and monitoring of grants awarded.

Viridor Credits Environmental Company

Strategic Report for the Year Ended 31 March 2021

Investment policy and objectives

Viridor Credits' investments are overseen by the Board of Trustees, the General Manager and expert advisors as required. The overall aim is to ensure that investment returns are maximised at low risk to the Company. An investment broker has been employed to spread the risk and secure the best low risk rate of return. Funds are held as cash deposits with major institutions. A maximum value of deposit with any single institution is agreed annually and deposit periods do not exceed 12 months. The amount invested is a conservative proportion of unspent funds, calculated each year such that there is a very low risk of these funds being required in the following year.

Interest received during the year on cash deposits showed a decrease to £31,338 (2020: £45,458).

Principal Risks and Risk Management

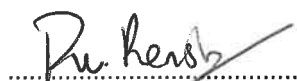
The trustees have assessed the major risks to which the charity is exposed, in particular those relating to the specific operational areas. The risks considered include payment of fictitious or otherwise fraudulent claims, the mis-management of the funds available to the charitable company, compliance with both the UK and Scottish Landfill Communities Fund Regulations and the Charity Commission guidelines, and the future availability of funds from the Landfill Communities Fund scheme.

The greatest risk to the future of the fund is that it is brought to a premature end by changes to legislation. This risk has been, and continues to be, mitigated by highlighting the positive community benefits of the scheme.

Since the sale of Viridor by Pennon to US private equity firm KKR, completed in June 2020, there is also uncertainty about the future of its waste business given the current ongoing restructuring.

The trustees believe that by monitoring reserve levels, by ensuring that controls exist over key financial systems, and by examining the operational and business risks faced by the charity, they have established effective systems to mitigate those risks under the charity's control. One project liaison officer undertakes pre-assessment visits to individual projects, along with visits once the projects have been completed to ensure they are, and remain, compliant with the regulations.

The strategic report was approved by the trustees of the charitable company on 28 October 2021 and signed on its behalf by:



P Renshaw
Chairman

Viridor Credits Environmental Company

Trustees' Report

The trustees, who are directors for the purposes of company law, present the annual report together with the financial statements and auditor's report of the charitable company for the year ended 31 March 2021.

Structure, governance and management

Organisational structure

Viridor Credits has administrative and financial control procedures in place in order to ensure that its affairs are in good order. The Board of Trustees oversees the work of a team led by the General Manager. Day to day operations and the management of applications and funded projects are overseen by an Operations Manager.

Nature of governing document

Viridor Credits is limited by guarantee (registration number 4293742) and was incorporated on 25 September 2001. Viridor Credits has also been granted charitable status (registration number 1096538).

Viridor Credits has amended its Articles of Association (21 May 2015) to reflect additional objects in respect of the Scottish Landfill Communities Fund.

Recruitment and appointment of trustees

The number of trustees shall not be less than three and not more than seven. The trustees must be appointed by members of the charity and have signed a written declaration of willingness to act as a charity trustee of the charity. One trustee is an expert on the environment, waste management and a link to the donor company, Viridor Limited.

Trustees have a responsibility for policy making and major financial decisions and these areas of governance are formulated at board meetings. The General Manager is responsible for implementing policy and operational decisions.

Induction and training of trustees

The induction process for any newly-appointed trustee comprises an initial meeting with the Chairman and the Board of Trustees, followed by a series of short meetings with the Chairman on investments and the powers and responsibilities of the trustee board. The welcome pack, received by all newly appointed trustees, includes a brief history of the organisation, copy board minutes, a copy of the last three years' of annual reports and accounts and a copy of the governing trust deed.

Key Management Personnel

The key management personnel are the members of the Management Team: the General Manager and the Operations Manager.

Remuneration arrangements for the management team are agreed at the end of the March Board meeting. The General Manager assesses the performance of the team against their objectives and competencies and proposes any changes to the Board in accordance with the Reward and Remuneration Policy. In the same way the performance of the General Manager is assessed by the Chairman against her objectives and the Board will decide on any changes subject to the Chairman's recommendations.

Viridor Credits Environmental Company

Trustees' Report

Reference and administrative details

Trustees P Renshaw, Chairman
S L Catford
D B Robertson
M Prior CVO MBE
D A P Cooke

Secretary A Salvador

Principal Office PO Box 977
Taunton
Somerset
TA1 9PQ

Registered Office Ground Floor
Blackbrook Gate 1
Blackbrook Business Park
Taunton
Somerset
TA1 2PX

The charitable company is incorporated in England & Wales.

Company Registration Number 04293742

**Charitable company
Registration Number** 1096538

Solicitors Foot Anstey
The Quad
Blackbrook Park Avenue
Blackbrook Business Park
Taunton
TA1 2PX

Bankers NatWest Bank plc
26/27 Fore Street
Taunton
Somerset
TA1 1JQ

Auditor PKF Francis Clark
Statutory Auditor
Ground Floor
Blackbrook Gate 1
Blackbrook Business Park
Taunton
TA1 2PX

Viridor Credits Environmental Company

Trustees' Report


Related Parties

Other than the trustees, the charity has not worked with any related parties during the year. None of the trustees receive remuneration or other benefits from their work with the charity. As disclosed in the notes to the accounts, during the year, none of the trustees received reimbursement of travel and subsistence expenditure.

Disclosure of information to auditor

Each trustee has taken steps that they ought to have taken as a trustee in order to make themselves aware of any relevant audit information and to establish that the charitable company's auditor is aware of that information. The trustees confirm that there is no relevant information that they know of and of which they know the auditor is unaware.

The Trustees' Report was approved by the trustees of the charitable company on 28 October 2021 and signed on its behalf by:


.....
P Renshaw
Chairman

Viridor Credits Environmental Company

Statement of Trustees' Responsibilities

The trustees (who are also the directors of Viridor Credits Environmental Company for the purposes of company law) are responsible for preparing the trustees' report and the financial statements in accordance with the United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and applicable law and regulations.

Company law requires the trustees to prepare financial statements for each financial year. Under company law the trustees 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 charitable company and of its incoming resources and application of resources, including its income and expenditure, for that period. In preparing these financial statements, the trustees are required to:

- select suitable accounting policies and apply them consistently;
- observe the methods and principles in the Charities SORP;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

The trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the charitable company's transactions and disclose with reasonable accuracy at any time the financial position of the charitable 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 charitable company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Viridor Credits Environmental Company

Independent Auditor's Report to the Members of Viridor Credits Environmental Company

Opinion

We have audited the financial statements of Viridor Credits Environmental Company (the 'charitable company') for the year ended 31 March 2021, which comprise the Statement of Financial Activities, Balance Sheet, Statement of Cash Flows, and Notes to the Financial Statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102: The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 March 2021 and of its income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the charitable company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the trustees' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the charitable company's ability to continue as a going concern for a period of at least twelve months from when the original financial statements were authorised for issue.

Our responsibilities and the responsibilities of the trustees with respect to going concern are described in the relevant sections of this report.

Viridor Credits Environmental Company

Independent Auditor's Report to the Members of Viridor Credits Environmental Company

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The trustees are responsible for the other information. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic Report and Trustees' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and Trustees' Report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of our knowledge and understanding of the charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report and the Trustees' Report.

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of trustees remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of trustees

As explained more fully in the Statement of Trustees' Responsibilities set out on page 9, the trustees are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the trustees are responsible for assessing the charitable company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees either intend to liquidate the charitable company or to cease operations, or have no realistic alternative but to do so.

Viridor Credits Environmental Company

Independent Auditor's Report to the Members of Viridor Credits Environmental Company

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

As part of our audit planning we obtained an understanding of the legal and regulatory framework that is applicable to the charitable company. We gained an understanding of the industry in which the charitable company operates as part of this assessment to identify the key laws and regulations affecting the charitable company. As part of this, we reviewed the company's website for indication of any regulations and certification in place and discussed these with the relevant individuals responsible for compliance. The key regulations we identified were the regulations of ENTRUST and the Scottish Environmental Protection Agency (SEPA), as well as health and safety regulations and breaches of The General Data Protection Regulation ("GDPR"). We also considered those laws and regulations that have a direct impact on the preparation of the financial statements such as the Companies Act 2006 and the Charities Act 2011.

We discussed with management how the compliance with these laws and regulations is monitored and discussed policies and procedures in place. As part of our planning procedures, we assessed the risk of any non-compliance with laws and regulations on the charitable company's ability to continue operating and the risk of material misstatement to the accounts. We also evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements. Based on this understanding we designed our audit procedures to identify non-compliance with such laws and regulations. Our procedures involved the following:

- Enquiries of management regarding their knowledge of any non-compliance with laws and regulations that could affect the financial statements.
- Review of the charitable company's GDPR policy and enquiries of management as to the occurrence and outcome of any reportable breaches.
- Reviewed legal and professional costs to identify any possible non-compliance or legal costs in respect of non-compliance.

We assessed the susceptibility of the financial statements to material misstatement through management override or fraud, including in relation to income and expenditure, and obtained an understanding of the controls in place to mitigate the risk of fraud. We also discussed with management whether there had been any instances of known or alleged fraud, of which there were none. Based upon our understanding we designed and conducted audit procedures including:

- Audited the risk of management override of controls, including through testing journal entries and other adjustments for appropriateness, and evaluating the business rationale of significant transactions outside the normal course of business.
- Reviewed estimates and judgements made in the accounts for any indication of bias and challenged assumptions used by management in making the estimates.

Viridor Credits Environmental Company

Independent Auditor's Report to the Members of Viridor Credits Environmental Company

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements. This risk increases the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements as we are less likely to become aware of instances of non-compliance. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment, collusion, omission or misrepresentation.

A further description of our responsibilities is available on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

This report is made solely to the charitable company's trustees, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the charitable company's trustees those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and its trustees as a body, for our audit work, for this report, or for the opinions we have formed.



Martin Hobbs (Senior Statutory Auditor)
For and on behalf of PKF Francis Clark, Statutory Auditor

Ground Floor
Blackbrook Gate 1
Blackbrook Business Park
Taunton
TA1 2PX

Date: 22 November 2021

Viridor Credits Environmental Company

Statement of Financial Activities for the Year Ended 31 March 2021 (Including Income and Expenditure Account and Statement of Total Recognised Gains and Losses)

	Note	Unrestricted Funds England £	Unrestricted Funds Scotland £	Total 2021 £	Unrestricted Funds England £	Unrestricted Funds Scotland £	Total 2020 £
Income and Endowments from:							
Donations and legacies	3	3,931,784	303,198	4,234,982	4,952,487	378,896	5,331,383
Investment income	4	31,170	168	31,338	44,461	997	45,458
Total Income		3,962,954	303,366	4,266,320	4,996,948	379,893	5,376,841
Expenditure on:							
Charitable activities	5	(3,863,319)	(307,617)	(4,170,936)	(4,882,743)	(298,801)	(5,181,544)
Other expenditure	7	(302,578)	(28,576)	(331,154)	(303,456)	(34,652)	(338,108)
Total Expenditure		(4,165,897)	(336,193)	(4,502,090)	(5,186,199)	(333,453)	(5,519,652)
Net (expenditure)/income		(202,943)	(32,827)	(235,770)	(189,251)	46,440	(142,811)
Net movement in funds		(202,943)	(32,827)	(235,770)	(189,251)	46,440	(142,811)
Reconciliation of funds							
Total funds brought forward		1,659,891	160,913	1,820,804	1,849,142	114,473	1,963,615
Total funds carried forward	17	1,456,948	128,086	1,585,034	1,659,891	160,913	1,820,804


The notes on pages 17 to 27 form an integral part of these financial statements.
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Viridor Credits Environmental Company

(Registration number: 04293742)
Balance Sheet as at 31 March 2021

	Note	2021 £	2020 £
Fixed assets			
Tangible assets	12	15,347	55,829
Current assets			
Debtors	13	1,162,177	1,267,260
Cash at bank and in hand	14	<u>3,926,170</u>	<u>4,629,938</u>
		5,088,347	5,897,198
Creditors: Amounts falling due within one year	15	<u>(3,518,660)</u>	<u>(4,132,223)</u>
Net current assets		<u>1,569,687</u>	<u>1,764,975</u>
Net assets		<u>1,585,034</u>	<u>1,820,804</u>
Funds of the charitable company:			
Unrestricted income funds			
England		1,456,948	1,659,891
Scotland		<u>128,086</u>	<u>160,913</u>
Total unrestricted funds		<u>1,585,034</u>	<u>1,820,804</u>
Total funds	17	<u>1,585,034</u>	<u>1,820,804</u>

The financial statements on pages 14 to 27 were approved by the trustees, and authorised for issue on 28 October 2021 and signed on their behalf by:


.....
P Renshaw
Chairman

Company Registration Number: 04293742

Viridor Credits Environmental Company

Statement of Cash Flows for the Year Ended 31 March 2021

	Note	2021 £	2020 £
Cash flows from operating activities			
Net cash expenditure		(235,770)	(142,811)
Adjustments to cash flows from non-cash items			
Depreciation	7	7,537	12,333
Investment income	4	(31,338)	(45,458)
Loss on disposal of fixed assets held for the charity's own use	8	32,945	-
		(226,626)	(175,936)
Working capital adjustments			
Decrease/(increase) in debtors	13	105,083	(17,641)
Decrease in creditors	15	(606,678)	(972,273)
Net cash flows from operating activities		(728,221)	(1,165,850)
Cash flows from investing activities			
Interest receivable and similar income	4	31,338	45,458
Cash flows from financing activities			
Repayment of capital element of finance leases and HP contracts	16	(6,885)	(11,688)
Net decrease in cash and cash equivalents		(703,768)	(1,132,080)
Cash and cash equivalents at 1 April		4,629,938	5,762,018
Cash and cash equivalents at 31 March		3,926,170	4,629,938

All of the cash flows are derived from continuing operations during the above two periods.

Viridor Credits Environmental Company

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

1 Company information

Viridor Credits Environmental Company is a registered charity and a company limited by guarantee without share capital, incorporated in England & Wales.

The address of its registered office is:

Ground Floor
Blackbrook Gate 1
Blackbrook Business Park
Taunton
Somerset
TA1 2PX

2 Accounting policies

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.

Statement of compliance

The financial statements have been prepared in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2019) - (Charities SORP (FRS 102)), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102). They also comply with the Companies Act 2006 and Charities Act 2011. There were no material departures from FRS 102.

Basis of preparation

The charitable company meets the definition of a public benefit entity under FRS 102. Assets and liabilities are initially recognised at historical cost or transaction value unless otherwise stated in the relevant accounting policy notes.

Going concern

The trustees, having made all necessary enquiries and taken all steps that they ought to have taken, have concluded that the going concern basis of preparation remains appropriate.

In making their assessment, the trustees have given consideration to the on-going impact of the global coronavirus pandemic on the operations and financial position of the charitable company. Whilst recognising that there can be no certainty, having considered these factors and made all necessary inquiries, the trustees are satisfied that the charitable company will continue to operate with sufficient cash headroom for a period of at least 12 months (from the date of approval of these financial statements).

Viridor Credits Environmental Company

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

Key accounting judgements and sources of estimation uncertainty

In the application of the charitable company's accounting policies, which are described below, the trustees are required to make judgements, estimates and assumptions about the carrying amount of the assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The key judgements that have a significant impact on the financial statements are in respect of going concern, as described above, and key management personnel. In the opinion of the trustees, those who are considered to be key management personnel comprise the trustees themselves and the senior management team.

In the opinion of the trustees, there are no key sources of estimation uncertainty as at 31 March 2021.

Income and endowments

Income is recognised in the statement of financial activities when the charity has entitlement to the income, it is probable that the economic benefits will flow to the charity, and the monetary amount of the income can be measured reliably.

Contributions from Viridor Limited are credited to the statement of financial activities when they become receivable.

Interest is credited to the statement of financial activities on a receivable basis.

Expenditure

All expenditure is recognised once there is a legal or constructive obligation to that expenditure, it is probable settlement is required and the amount can be measured reliably.

Resources expended comprise the following:

(a) The costs of charitable activities in furtherance of the charity's objects comprise expenditure on the charity's primary charitable purposes as described in the Trustees' Report. Such costs include:

- Project expenditure - grants for projects are included within the accounts following Board approval of the project.
- Other direct expenses incurred on the specific objects of the charity.
- Grants released to main pool – grants for projects which were underspent or where projects fail to reach completion following notification to the recipient of the grant.

(b) Management and administration costs comprise the costs incurred which are directly attributable to the management of the charity's assets, organisational procedures and the necessary legal procedures for compliance with statutory requirements.

Expenditure is allocated between funds according to whether it relates to the Scottish scheme or the scheme in place in England.

Viridor Credits Environmental Company

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

Charitable activities

Charitable expenditure comprises those costs incurred by the charitable company in the delivery of its activities and services for its beneficiaries. It includes both costs that can be allocated directly to such activities and those costs of an indirect nature necessary to support them.

Taxation

The charity is exempt from taxation in respect of income or capital gains received within categories covered by Chapter 3 Part 11 of the Corporation Tax Act 2010 or Section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes.

Tangible fixed assets

Tangible fixed assets are capitalised at cost and depreciation over their estimated useful lives.

Depreciation and amortisation

Depreciation is provided on tangible fixed assets so as to write off the cost or valuation, less any estimated residual value, over their expected useful economic life as follows:

Asset class	Depreciation method and rate
Leasehold improvements	Straight line basis over ten years
Office equipment	20% on a reducing balance basis
Motor vehicles	20% on a reducing balance basis

Fund structure

Unrestricted income funds are general funds that are available for use at the trustees' discretion in furtherance of the objectives of the charity. Unrestricted income funds are disclosed separately for both the Scottish scheme and the scheme in place in England.

Pensions and post retirement obligations

The charitable company operates a defined contribution pension scheme which is a pension plan under which fixed contributions are paid into a pension fund and the charitable company has no legal or constructive obligation to pay further contributions even if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

Contributions to defined contribution plans are recognised in the Statement of Financial Activities when they are due. If contribution payments exceed the contribution due for service, the excess is recognised as a prepayment.

Financial instruments

Classification

The charity only has financial assets and financial liabilities that qualify as basic financial instruments, being cash and bank balances, contributions receivable and trade creditors, including project creditors.

Viridor Credits Environmental Company

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

Recognition and measurement

Basic financial instruments are initially recognised at transaction value and are subsequently measured at their settlement value. Any losses arising from impairment are recognised in the statement of financial activities.

3 Income from donations and legacies

	Unrestricted funds		Total funds
	England	Scotland	
	£	£	£
Contributions from Viridor Limited	3,931,784	303,198	4,234,982
Total for 2021	3,931,784	303,198	4,234,982
Total for 2020	4,952,487	378,896	5,331,383

4 Investment income

	Unrestricted funds		Total funds
	England	Scotland	
	£	£	£
Interest receivable on bank deposits	31,170	168	31,338
Total for 2021	31,170	168	31,338
Total for 2020	44,461	997	45,458

5 Expenditure on charitable activities

	Unrestricted funds		Total funds
	England	Scotland	
	£	£	£
Grant funding of activities	3,863,319	307,617	4,170,936
Total for 2021	3,863,319	307,617	4,170,936
Total for 2020	4,882,743	298,801	5,181,544

	Total 2021	Total 2020
	£	£
Grants for projects (note 6)	4,226,109	5,264,283
ENTRUST levy	95,958	133,600
SEPA levy	5,518	6,895
Withdrawn grants released back - England	(134,723)	(219,243)
Withdrawn grants released back - Scotland	(21,926)	(3,991)
	4,170,936	5,181,544

Viridor Credits Environmental Company

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

6 Grants Approved for Projects

England	Total 2021 £
Oldham RUFC - Disabled Lift and Toilets	100,000
St Peter's Church, Bolton - New Entrance and Galleries	100,000
Brewham Village Hall - Restoration Phase 2	99,994
Camden People's Theatre - Access Transformation phase 1	99,781
Whitworth, Bacup - Wild Play Area	94,899
Mark Cricket Club - New Pavilion & Scoreboard	94,103
Staveley Miners Welfare FC - Car Park works	87,171
Whitstable Castle - Play Area	82,738
Debenham Community Centre, Stowmarket - Refurbishment	73,919
1st Somerton Scout HQ - Refurbishment	71,630
All Saints Church, Hitcham - Community Hub	68,293
The Hope Centre, Ipswich - Kitchen & Café Refurbishment	67,535
St Peter's Church, Levenshulme - West Window Restoration	59,621
Batcombe Playing Field, Shepton Mallet - New Play Equipment	58,976
Little Woollen Moss - Heathland Habitat Restoration	58,862
Chilton Polden Playing Field - Equipment	55,000
Henstridge Play Area - New Play Equipment	54,032
Bridgwater Sea Cadets - Hall Refurbishment	50,000
Exeter Cathedral - Chapter House Renovation	50,000
The Ipswich Unitarian Meeting House - Restoration	50,000
Emer Bog and Baddesley Common - Land purchase	50,000
Birkin Avenue, Chesterfield - Recreation Area	50,000
St Mary's Church, East Brent - Restoration	50,000
Other grants awarded below £50,000	2,275,530
	<hr/> 3,902,084 <hr/>
Scotland	Total 2021 £
Other grants awarded below £50,000	324,025
	<hr/> 324,025 <hr/>

Viridor Credits Environmental Company

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

Total	Total 2021 £
Total grants approved for projects	4,226,109

7 Other expenditure

	Note	Unrestricted funds England £	Scotland £	Total funds £
Staff costs	10	185,315	18,013	203,328
Audit fees				
Audit of the financial statements		3,453	1,647	5,100
Other fees paid to auditors		5,061	-	5,061
Depreciation of tangible fixed assets		7,537	-	7,537
Loss on sale of tangible fixed assets		32,945	-	32,945
Other resources expended		68,267	8,916	77,183
Total for 2021		302,578	28,576	331,154
Total for 2020		303,456	34,652	338,108

Included in other resources expended are governance costs totalling £5,100 (2020: £7,152)

8 Net outgoing resources

Net outgoing resources for the year include:

	2021 £	2020 £
Audit fees	5,100	5,000
Other non-audit services	5,061	4,401
Loss on disposal of fixed assets held for the charitable company's own use	32,945	-
Depreciation of fixed assets	7,537	12,333

9 Trustees' remuneration and expenses

During the year the charitable company made the following transactions with trustees:

No expenses were reimbursed to trustees during the year (2020: £2,152, to 3 trustees).

No trustees, nor any persons connected with them, have received any remuneration from the charitable company during the year.

No trustees have received any other benefits from the charity during the year.

Viridor Credits Environmental Company

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

10 Staff costs

The aggregate payroll costs were as follows:

	2021 £	2020 £
Staff costs during the year were:		
Wages and salaries	175,433	181,046
Social security costs	18,149	16,855
Pension costs	9,746	9,734
	<u>203,328</u>	<u>207,635</u>

The monthly average number of persons (including senior management team) employed by the charitable company during the year expressed as full time equivalents was as follows:

	2021 No	2020 No
Management	<u>5</u>	<u>5</u>

5 (2020 - 5) of the above employees participated in the Defined Contribution Pension Schemes.

No employee received emoluments of more than £60,000 during the year (2020: None).

The total employee benefits of the key management personnel of the charitable company were £108,359 (2020 - £104,278).

11 Taxation

The company is a registered charity and is therefore not liable to corporation tax on income derived from its charitable activities, as they fall within the various exemptions available to registered charities.

Viridor Credits Environmental Company

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

12 Tangible fixed assets

	Leasehold improvements £	Motor vehicles £	Office equipment £	Total £
Cost				
At 1 April 2020	68,871	41,690	21,663	132,224
Disposals	<u>(68,871)</u>	<u>-</u>	<u>(12,114)</u>	<u>(80,985)</u>
At 31 March 2021	<u>-</u>	<u>41,690</u>	<u>9,549</u>	<u>51,239</u>
Depreciation				
At 1 April 2020	34,819	24,614	16,962	76,395
Charge for the year	3,444	3,415	678	7,537
Eliminated on disposals	<u>(38,263)</u>	<u>-</u>	<u>(9,777)</u>	<u>(48,040)</u>
At 31 March 2021	<u>-</u>	<u>28,029</u>	<u>7,863</u>	<u>35,892</u>
Net book value				
At 31 March 2021	<u>-</u>	<u>13,661</u>	<u>1,686</u>	<u>15,347</u>
At 31 March 2020	<u>34,052</u>	<u>17,076</u>	<u>4,701</u>	<u>55,829</u>

Assets held under finance leases and hire purchase contracts

The net carrying amount of tangible assets includes the following amounts in respect of assets held under finance leases and hire purchase contracts:

	2021 £	2020 £
Motor vehicles	<u>-</u>	<u>8,782</u>

Viridor Credits Environmental Company

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

13 Debtors

	2021 £	2020 £
Contributions receivable	1,136,960	1,218,543
Prepayments	25,217	48,717
	<u>1,162,177</u>	<u>1,267,260</u>

14 Cash and cash equivalents

	2021 £	2020 £
Cash at bank	2,376,615	2,080,383
Short-term deposits	1,549,555	2,549,555
	<u>3,926,170</u>	<u>4,629,938</u>

15 Creditors: amounts falling due within one year

	2021 £	2020 £
Project Creditors	3,467,265	4,044,400
ENTRUST levy	31,782	25,991
SEPA Levy	816	1,247
Trade creditors	739	37,093
Hire purchase and finance leases	-	6,885
Other taxation and social security	6,266	3,601
Pension scheme creditor	1,014	922
Accruals	10,778	12,084
	<u>3,518,660</u>	<u>4,132,223</u>

Creditors due within one year includes the following liabilities, on which security has been given by the charitable company:

	2021 £	2020 £
Hire Purchase	<u>-</u>	<u>6,885</u>

The hire purchase agreements were secured against the assets financed by those agreements.

Viridor Credits Environmental Company

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

16 Obligations under leases and hire purchase contracts

Hire purchase and finance lease commitments

The total value of future minimum lease payments was as follows:

	2021 £	2020 £
Within one year	-	6,885

Operating lease commitments

Total future minimum lease payments under non-cancellable operating leases are as follows:

	2021 £	2020 £
Land and buildings		
Within one year	-	11,321

17 Funds

	Balance at 1 April 2020 £	Incoming resources £	Resources expended £	Balance at 31 March 2021 £
Unrestricted				
England	1,659,891	3,962,954	(4,165,897)	1,456,948
Scotland	160,913	303,366	(336,193)	128,086
Total funds	1,820,804	4,266,320	(4,502,090)	1,585,034
	Balance at 1 April 2019 £	Incoming resources £	Resources expended £	Balance at 31 March 2020 £
Unrestricted funds				
England	1,849,142	4,996,948	(5,186,199)	1,659,891
Scotland	114,473	379,893	(333,453)	160,913
Total funds	1,963,615	5,376,841	(5,519,652)	1,820,804

The Scotland fund includes all contributions and activity relating to Scotland under the Scottish Landfill Communities Fund.

The England fund includes all contributions and activity relating to England under the Landfill Communities Fund.

Viridor Credits Environmental Company

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

18 Analysis of net funds

	At 1 April 2020 £	Financing cash flows £	At 31 March 2021 £
Cash at bank and in hand	4,629,938	(703,768)	3,926,170
Finance leases and hire purchase contracts	(6,885)	6,885	-
Net funds	<u>4,623,053</u>	<u>(696,883)</u>	<u>3,926,170</u>

	At 1 April 2019 £	Cash flow £	At 31 March 2020 £
Cash at bank and in hand	5,762,018	(1,132,080)	4,629,938
Finance leases and hire purchase contracts	(18,573)	11,688	(6,885)
Net funds	<u>5,743,445</u>	<u>(1,120,392)</u>	<u>4,623,053</u>

19 Related party transactions

Transactions with the trustees are disclosed in Note 9.

There were no other related party transactions in the year (2020 - none).