Company Registration No. 01138022 (England and Wales)

BIFFA WASTE MANAGEMENT LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 26 MARCH 2021

BIFFA WASTE MANAGEMENT LIMITED

COMPANY INFORMATION

Directors	M Topham R Pike Biffa Corporate Services Limited
Company number	01138022
Registered office	Coronation Road Cressex High Wycombe Buckinghamshire HP12 3TZ

BIFFA WASTE MANAGEMENT LIMITED

CONTENTS

BIFFA WASTE MANAGEMENT LIMITED

STRATEGIC REPORT

FOR THE PERIOD ENDED 26 MARCH 2021

The Directors present here a strategic review of the business of Biffa Waste Management Limited (the Company). This contains certain forward looking statements with respect to the financial condition, results, operations and business of the Company. By their nature, these statements and forecasts involve risk and uncertainty because they relate to events and depend on circumstances that may or may not occur in the future. There are a number of factors that could cause actual results or developments to differ materially from those expressed or implied by these forward looking statements and forecasts.

Accounting reference date
These financial statements are for the period ended 26 March 2021. The comparatives are for the period ended 27 March 2020.

S.172 Statement
The Directors of the Company are required under section 172 of the Companies Act 2006 ("s.172") to act in a way that promotes the success of the Company for the benefit of its shareholders as a whole, whilst having regard to the following matters (amongst other things): the likely long term consequences; the interests of the company's employees; the business relationships with suppliers and customers; the impact on the community and the environment; reputation for high standards of business conduct; and acting fairly between shareholders.

As the Company forms part of the Biffa Group of Companies (the "Group"), it has applied the governance framework adopted by Biffa plc and the matters that the Directors of the Company are responsible for considering under s.172 have been considered to an appropriate extent by the Biffa plc Board (the "plc Board") in relation to both the Group and the Company. Further details of how the plc Board has considered the matters set out in s.172 (for the Group and the Company) are set out in the Biffa plc Annual Report and Accounts 2021 (the "ARA 2021"), which does not form part of this report. During the year, the Directors have also considered, both individually and together, relevant matters where appropriate.

Our Strategy
The vision of the Biffa Group is simple – to lead the way in UK sustainable waste management. We wish to lead in business performance and returns, innovation, reputation and in how we tackle broader societal issues relevant to our industry. Sustainability is right at the heart of our strategy as we evolve our role as a key enabler of the UK circular economy.

Our strategy is structured around three pillars where our impact can create the most value:

- Building a circular economy.
- Tackling climate change.
- Caring for our people, supporting our communities.

The strategy fully supports Biffa's purpose to 'change the way people think about waste' and our vision to 'lead the way in UK sustainable waste management' and is underpinned by our Sustainability Strategy, 'Resourceful, Responsible', which was launched in March 2020.

Review of the business
The Company has continued to operate the open commercial landfill sites at Roxby. The Company continues to fulfil its obligations for the environmental restoration and maintenance of a number of closed landfill sites.

For a detailed review of the Company's position refer to the Statement of Financial Position on page 7.

Non-financial key performance indicators in respect of the Biffa Group are shown in the Financial Statements of Biffa Plc for the period to 26 March 2021, which do not form part of this report.

Future outlook
The Company will continue to operate the Roxby landfill site with the addition of the rail hub. Brookhurst Wood will continue to receive restoration soils and continue to operate the road sweeping plant. The Company will continue to fulfil its obligations for the environmental restoration and maintenance of a number of closed landfill sites.

Going concern
During the year, the Covid-19 pandemic has had a significant impact on the wider Group's trading performance, including the wholly owned subsidiaries of the Company.

The Directors have a reasonable expectation that the Company is well placed to manage business risks successfully and have adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

The Biffa Group have conducted detailed exercises, which have been regularly refreshed and updated, to assess the impact of Covid-19 on its business, its liquidity and compliance with debt covenants through 2021 and 2022. The results of the most recent going concern review were reported in Biffa Plc's Annual Report published on 10 June 2021. This involved modelling a base case, reasonable worst case and carrying out reverse stress testing. Whilst the analysis required a number of significant judgements about the ability of the Group to continue as a going concern, it was determined that the range of scenarios which would cause the Group to breach its covenants or require further liquidity were remote.

Principal risks
The Directors are aware of the need to review all aspects of risk which are likely to affect the financial stability of the Company, whether it be from either the sales or the cost side of the business. On an annual basis the Directors carry out a detailed internal risk assessment analysis on all aspects of the business

Credit risk
The Company's principal financial assets are intercompany receivables. The Directors assess the intercompany receivable balances for recoverability based on an assessment of the individual counterparties and considers that the carrying value of the assets represents their recoverable amount. The Company mitigates cash risk by using accredited institutions.

Liquidity risk
In order to maintain liquidity to ensure that sufficient funds are available for ongoing operations and future developments, the Company primarily uses funding from other Group companies.

COVID-19 risk
The Covid-19 pandemic is unprecedented. During FY21 the Group introduced measures to reduce costs, including furloughing over 1,800 employees; temporary pay reductions taken by the Board, the Group Executive Team and the broader Leadership Group; and suspension of bonuses and pay increases. In addition, payment deferrals were negotiated where appropriate and meaningful in areas such as indirect taxes, pensions, lease liabilities and material supplies. Covenant amendments and additional liquidity headroom were agreed with the Group's banks. £100m equity raise in June 2020 to help the Group continue to pursue its strategic growth plan. An internal response team was set up to ensure we supported the health and wellbeing of our colleagues, managed business continuity, provided clear and timely communications and minimise service disruption.

All staff who could were advised to work from home and ensured the appropriate Covid-secure measures were applied across our workplaces. Internal communications and engagement with CEO vlogs, all employee calls with the Group Executive Team, internal appreciation campaigns and our employee app, Biffa Beat all contributing. As the restrictions are ending our employees are returning to their normal places of work and volumes are returning to pre-pandemic levels but we will continue to monitor the situation and respond to further changes where needed.

Employees engagement
The Company regularly reviews its employment practices to ensure it promotes dignity at work, equal opportunity and good working relations based on fairness, equality and inclusiveness. The safety of employees is the top priority.

Employee engagement is critical to us at Biffa, arguably more so during the past year when doing the right thing for our people has been more important than ever. Our goal is to ensure that Biffa is an employer of choice for current and future talent and a Company that we are all proud to be a part of.

Employees engagement (continued)
Throughout the pandemic we have significantly increased two-way engagement with our employees, ensuring that they were kept informed of our latest Covid-secure protocols, the support we were offering, as well as how our business was performing. Our channels include regular all employee and leadership video calls with our Executive Team, CEO vlogs, podcasts, Q&A opportunities in real time, virtual conferences and events including our first virtual Diamond employee awards ceremony and importantly news updates via our intranet and employee app, Biffa Beat. Biffa Beat really came into its own this year, providing an easy way for employees, particularly our colleagues on the front line, to openly ask questions and voice their opinions at the touch of a button.

We continue to invest in the personal development of our colleagues and this year we had to adapt to find alternative ways of offering our programmes online, via our e-learning platform 'Know How' as well as virtual training sessions. The focus of our training this year was employee wellbeing, whilst also supporting line managers to 'manage in a virtual world' offering a suite of training and support across the business. We continue to provide regular live 'relaxation' sessions to support employees with their mental health and training for line managers to help spot the signs of anxiety, so they are better equipped to support their teams. Online training was also provided to our drivers and we continued to broaden our comprehensive portfolio of e-learning modules, allowing all our employees access to relevant and timely learning content.

We also continued our Advanced Leadership Programme to help accelerate the development of some of our brightest talent across the organisation and our apprenticeship programmes, which range from engineering apprenticeships through to masters in business administration. In the year we offered 35 placement opportunities to young people seeking employment in areas such as HR, Finance and Business Operations as part of the Government's Kickstart scheme. The pandemic has influenced how we will continue to provide training and development in the future. With less time required for online training as opposed to face-to-face, we plan to increase the number of training interventions per employee. We will continue to develop and broaden our online training content going forward.
The Company promotes meritocracy, endeavouring to fill internal vacancies by internal appointments wherever possible. It builds constructive relationships with recognised trade unions and safeguards equality of opportunity and respect for colleagues in the workplace through its policies and practices.

It is the policy of the Company to give full consideration to applications for employment made by disabled persons, having regard to their particular aptitudes and abilities and to provide for the training, career development and promotion of disabled persons employed by the Company and the Biffa Group. The Company and the Biffa Group will endeavour to retain employees who become disabled during their employment and will provide for retraining where possible to allow such employees to fulfil their potential.

Approved by the Board of Directors and signed on behalf of the Board

....
R Pike
Director
17 December 2021

DIRECTORS' REPORT

FOR THE PERIOD ENDED 26 MARCH 2021

The Directors present their annual report and financial statements for the period ended 26 March 2021.

Results and dividends
The results for the period are set out on page 6.

No ordinary dividends were paid. The Directors do not recommend payment of a final dividend.

Directors
The Directors who held office during the period and up to the date of signature of the financial statements were as follows:

M Topham
R Pike
Biffa Corporate Services Limited

Principal risks and uncertainties
Information on financial exposure and risk management is disclosed within the Strategic Report on page 2.

Qualifying third party indemnity provisions
The Company has made qualifying third party indemnity provisions for the benefit of its Directors during the period. These provisions remain in force at the reporting date.

In accordance with the Company's Articles, and to the extent permitted by law, the Company may indemnify its Directors out of its own funds to cover liabilities arising as a result of their office. The group holds Directors' and officers' liability insurance cover for any claim brought against Directors or officers for wrongful acts in connection with their positions, but the cover does not extend to claims arising from dishonesty or fraud.

Disabled persons
Applications for employment by disabled persons are always fully considered bearing in mind the respective aptitudes and abilities of the applicant concerned. In the event of members of staff becoming disabled, every effort is made to ensure that their employment within the Company continues and that appropriate training is arranged. It is the policy of the Company that the training, career development and promotion of disabled persons should, as far as possible, be identical with that of other employees.

Audit exemption
For the period ended 26 March 2021, the Company was entitled to exemption from audit under section 479A of the Act relating to subsidiary companies as disclosed in the Annual Report and Financial Statements of Biffa Plc which can be obtained from the registered office at Coronation Road, Cressex Business Park, High Wycombe, Buckinghamshire, HP12 3TZ.

FRS 101 reduced disclosure framework
The Financial Statements have been prepared and approved by the Directors in accordance with Financial Reporting Standard (FRS) 101 Reduced Disclosure Framework issued by the Financial Reporting Council.

Approved and signed on behalf of the Board

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R Pike
Director
Date: 17 December 2021

BIFFA WASTE MANAGEMENT LIMITED

DIRECTORS' RESPONSIBILITIES STATEMENT

FOR THE PERIOD ENDED 26 MARCH 2021

The Directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under Company law the Directors *must not approve the financial statements unless they are satisfied that they give a true and fair view of the* state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting 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 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.

BIFFA WASTE MANAGEMENT LIMITED

INCOME STATEMENT

FOR THE PERIOD ENDED 26 MARCH 2021

	Notes	26 March 2021 £'000	27 March 2020 £'000
Revenue		13,124	15,899
Cost of sales		(13,117)	(12,763)
Gross profit		7	3,136
Finance costs	4	(283)	(270)
(Loss) / profit before taxation		(276)	2,866
Tax on profit	5	73	(224)
(Loss) / profit and total comprehensive income for the financial period		(203)	2,642

The Company has no recognised income or expense other than the result above and therefore no separate Statement of Other Comprehensive Income has been presented.

BIFFA WASTE MANAGEMENT LIMITED

STATEMENT OF FINANCIAL POSITION
AS AT 26 MARCH 2021

	Notes	2021 £'000	2021 £'000	2020 £'000	2020 £'000
Non-current assets					
Property, plant and equipment	6		6,607		6,158
Current assets					
Inventories	7	10		12	
Trade and other receivables	8	85,477		84,518	
		85,487		84,530	
Current liabilities	10	(16,318)		(17,088)	
Net current assets			69,169		67,442
Total assets less current liabilities			75,776		73,600
Non-current liabilities	10		(433)		(241)
Provisions for liabilities	13		(10,051)		(7,864)
Net assets			65,292		65,495
Equity					
Called up share capital	15		-		-
Capital contribution			6,550		6,550
Retained earnings			58,742		58,945
Total equity			65,292		65,495

For the financial period ended 26 March 2021 the Company was entitled to exemption from audit under section 479A of the Companies Act 2006 relating to subsidiary companies.

The Directors acknowledge their responsibilities for complying with the requirements of the Companies Act 2006 with respect to accounting records and the preparation of financial statements.

The members have not required the Company to obtain an audit of its financial statements for the period in question in accordance with section 476.

The financial statements were approved by the board of Directors and authorised for issue on 17 December 2021 and are signed on its behalf by:

....
R Pike
Director

Company Registration No. 01138022

BIFFA WASTE MANAGEMENT LIMITED

STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 26 MARCH 2021

	Share capital	Share premium account	Retained earnings	Total
	£'000	£'000	£'000	£'000
	(note 15)			
Balance at 29 March 2019	-	6,550	56,303	62,853
Period ended 27 March 2020:				
Profit and total comprehensive income for the period	-	-	2,642	2,642
Balance at 27 March 2020	-	6,550	58,945	65,495
Period ended 26 March 2021:				
(Loss) and total comprehensive income for the period	-	-	(203)	(203)
Balance at 26 March 2021	-	6,550	58,742	65,292

1 Accounting policies

Company information
Biffa Waste Management Limited is a private Company limited by shares incorporated in England and Wales. The registered office is Coronation Road, Cressex, High Wycombe, Buckinghamshire, HP12 3TZ.

1.1 Accounting convention
The financial statements have been prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework (FRS 101) and in accordance with applicable accounting standards.

The financial statements are prepared in sterling, which is the functional currency of the Company. Monetary amounts in these financial statements are rounded to the nearest £'000.

The financial statements have been prepared under the historical cost convention. The principal accounting policies adopted are set out below.

As permitted by FRS 101, the Company has taken advantage of the following disclosure exemptions from the requirements of IFRS:

- IFRS 7 'Financial Instruments: Disclosures';
- IAS 1 'Presentation of Financial Statements paragraph 10(d), 10(f), 16, 38, 39(c), 111 and 134-136;
- IAS 7 'Statement of Cash Flows';
- IAS 8 'Accounting Policies, Change in Accounting Estimates and Errors' paragraph 30 and 31;
- IAS 24 'Related Party Disclosures' paragraph 17 and the requirement to disclose related party transactions entered into between two or more members of the Biffa group;
- IAS 36 'Impairment of Assets' paragraph 134(d) -134(f) and 135(c) -135(e).

Where required, equivalent disclosures are given in the group accounts of Biffa Plc. The group accounts of Biffa Plc are available to the public and can be obtained as set out in note 16.

The Company is exempt from the preparation of consolidated Financial Statements under IAS 27, because it is included in the group Financial Statements of Biffa Plc.

1.2 Adoption of new and revised Standards
At the date of authorisation of these Financial Statements, the below Standards and amendments are effective for reporting periods beginning after 1 January 2020, but have not impacted on the Company's reporting.

- Amendments to IFRS 9, IAS 39 and IFRS 7: Interest Rate Benchmark Reform
- Amendments to References to the Conceptual Framework in IFRS Standards
- IFRS 16 Leases: Amendment to provide lessees with an exemption from assessing whether a Covid-19-related rent concession is a lease modification.
- IAS 1 Presentation of Financial Statements: Amendments regarding the definition of material
- Amendments to IFRS 3 Definition of a business - The Company has adopted the amendments to IFRS 3 for the first time in the current year. The amendments clarify that while businesses usually have outputs, outputs are not required for an integrated set of activities and assets to qualify as a business. To be considered a business an acquired set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create outputs.
- The amendments remove the assessment of whether market participants are capable of replacing any missing inputs or processes and continuing to produce outputs. The amendments also introduce additional guidance that helps to determine whether a substantive process has been *acquired*.

1 Accounting policies (continued)

Adoption of new and revised Standards (continued)

- The amendments introduce an optional concentration test that permits a simplified assessment of whether an acquired set of activities and assets is not a business. Under the optional concentration test, the acquired set of activities and assets is not a business if substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or Group of similar assets.
- Amendments to IAS 1 and IAS 8 Definition of material - The Company has adopted the amendments to IAS 1 and IAS 8 for the first time in the current year. The amendments make the definition of material in IAS 1 easier to understand and are not intended to alter the underlying concept of materiality in IFRS Standards. The concept of 'obscuring' material information with *immaterial information has been included as part of the new definition.*
- The threshold for materiality influencing users has been changed from 'could influence' to 'could reasonably be expected to influence'.
- The definition of material in IAS 8 has been replaced by a reference to the definition of material in IAS 1. In addition, the IASB amended other Standards and the Conceptual Framework that contain a definition of 'material' or refer to the term 'material' to ensure consistency.

The adoption of the standards listed above did not have a material impact on the financial statements of the Company.

New standards and interpretations not yet adopted
At the date of authorisation of these financial statements, the Company has not applied the following new and revised IFRSs that have been issued but are not yet effective and had not yet been adopted:

- IBOR Phase 2 (effective for reporting periods starting after 1 January 2021)
- Property, Plant and Equipment: Proceeds before intended use - Amendments to IAS 16 (effective for reporting periods starting after 1 January 2022)
- IFRS 17 Insurance Contracts

At the date of authorisation of these financial statements, there is expected to be no material impact to the Company's financial statements from IFRSs, IFRICs or other standards or interpretations that have been issued but which are not yet effective.

There are no other IFRSs or IFRIC Interpretations that are not yet effective that would be expected to have a material impact on the Company.

1.3 Going concern

The Company's business activities, together with the factors likely to affect its future development, performance and position are set out in the Strategic Report on pages 1 to 3. The Company is managed as part of the Biffa Group. The Biffa Group has committed facilities which the Directors consider sufficient to service its ongoing working capital and capital investment requirements.

1.4 Revenue

The Company's revenue and profit before taxation is derived from collection, transport and disposal of industrial, commercial and domestic waste arising in the United Kingdom. Turnover is measured at the fair value of the consideration received or receivable. Revenue is reduced for value added taxes and trade discounts. Landfill tax is included within both revenue and cost of sales. Revenue from the sales of goods is recognised when the goods are delivered and titles have passed. Revenue from provision of services is recognised at the point when service has been provided.

1 Accounting policies (continued)

1.5 Property, plant and equipment

Landfill sites are recorded at cost less accumulated depreciation and accumulated impairment losses. The cost of landfill sites includes the cost of acquiring, developing and engineering sites, but not interest costs.

Depreciation is recognised so as to write off the cost of assets less their residual value over the useful economic lives. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospectivebasis.

Where the obligation to restore a landfill site is an integral part of its future economic benefits, a non-current asset within property, plant and equipment is recognised. The asset recognised is depreciated based on the usage of void space and energy production.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit and loss.

1.6 Amounts due from related parties and other receivables

Amounts due from related parties and other receivables are stated at amortised cost.

1.7 Inventories

Inventories are stated at the lower of cost and net realisable value. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the inventories to their present location and condition. Costs of inventories are determined on first-in-first-out basis.

Net realisable value is the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution.

1.8 Amounts due to related parties and other payables

Amounts due to related parties and other payables are stated at amortised cost.

1.9 Financial instruments

Non-derivative financial instruments

Non-derivative financial instruments comprise trade and other debtors, amounts due from group undertakings, and other creditors and amounts due to group undertakings. Non-derivative financial instruments are recognised initially at fair value plus any directly attributable transaction costs, except as described below. Subsequent to initial recognition, non-derivative financial instruments are measured as described below.

A financial instrument is recognised when the Company becomes a party to the contractual provisions of the instrument. Financial assets are derecognised when the Company's contractual rights to the cash flows from the financial assets expire, are extinguished or if the Company transfers the financial asset to another party without retaining control or substantially all risks and rewards of the assets. Financial liabilities are derecognised if the Company's obligations specified in the contracts expire or are discharged or cancelled.

1 Accounting policies (continued)

Classification of financial instruments issued by the Company
Financial instruments issued by the Company are treated as equity only to the extent that they meet the following two conditions:

- they include no contractual obligations of the Company to deliver cash or other financial assets or to exchange financial assets or financial liabilities with another party under conditions that are potentially unfavourable to the Company; and

- where the instrument will or may be settled in the Company's own equity instruments, it is either a non-derivative that includes no obligation to deliver a variable number of the Company's own equity instruments or is a derivative that will be settled by the Company exchanging a fixed amount of cash or other financial assets for a fixed number of its own equity instruments.

To the extent that this definition is not met, the instrument is classified as a financial liability. Where a financial instrument that contains both equity and financial liability components exists these components are separated and accounted for individually under the above policy. The finance cost on the financial liability component is correspondingly higher over the life of the instrument.

1.10 Taxation
The tax expense represents the sum of the tax currently payable and deferred tax.

Current and deferred tax are recognised in profit and loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively. Where current or deferred tax arises from the initial accounting of a business combination, the tax effect is included in accounting for the business combination.

Current tax
The tax currently payable is based on taxable profit for the period. Taxable profit differs from net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other period and it further excludes items that are never taxable or deductible. The Company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

Deferred tax
Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

1 Accounting policies (continued)

1.11 Provisions

Provisions are recognised when the Company has a legal or constructive present obligation as a result of a past event and it is probable that the Company will be required to settle that obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting end date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation,its carrying amount is the present value of those cash flows (when the effect if the time value of money is material). The effects of inflation and unwinding of the discount element on existing provisions are reflected in the financial statements as a financial expense.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

Provision for the cost of reinstating landfill sites and environmental costs are made as the obligation to reinstate the site arises. Costs are expensed to profit and loss over the operational life on the basis of the usage of void space for each landfill site.

Provision for aftercare costs are made as the aftercare liability arises. Costs are expensed to profit and loss over the operational life of each landfill site on the basis of usage of void space. When the obligation recognised as a provion gives access to future economic benefits, an asset in property, plant and equipment is recognised.

1.12 Lease income

The lease liability is initially measured at the present value of the lease payments that are unpaid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate. Lease payments included in the measurement ofthe lease liability comprise fixed payments, variable lease payments that depend on an index or a rate, amounts expected to be payable under a residual value guarantee, and the cost of any options that the Company is reasonably certain to exercise, such as the exercise price under a purchase option, lease payments in an optional renewal period, or penalties for early termination of a lease.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in: future lease payments arising from a change in an index or rate; the Company's estimate of the amount expected to be payable under a residual value guarantee; or the Company's assessment of whether it will exercise a purchase, extension or termination option. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The Company has elected not to recognise right-of-use assets and lease liabilities for short-term leases of machinery that have a lease term of 12 months or less, or for leases of low-value assets including IT equipment. The payments associated with these leases are recognised in profit or loss on a straight-line basis over the lease term.

1 Accounting policies (continued)

2 Critical accounting estimates and judgements

The preparation of financial statements in conformity with FRS 101 Reduced Disclosure Framework requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. 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 provisions for environmental and aftercare costs is a key source of estimation uncertainty and critical accounting judgement in applying the Company's accounting policies.

The provision for environmental and aftercare costs is made over the economic life of the sites. The Directors use a combination of external third party guidance and judgement and experience to provide for these estimated costs. The present value is impacted by assumptions used on discounted rates to determine present value. A change in these assumptions could impact the provision recognised in the Statement of Financial Position in future periods.

3 Operating profit

	2021	2020
	£'000	£'000
Operating profit for the period is stated after charging:		
Depreciation of property, plant and equipment	1,061	1,068
Operating lease charges	115	157
Cost of inventories recognised as an expense	239	239
Expected credit loss	679	35

Directors' emoluments during the current and prior periods were paid by Biffa Plc and no amounts were allocated to the Company. These can be referenced from the consolidated financial statements of Biffa Plc, as detailed in note 16.

Staff involved in the Company's activities are all employees of Biffa Waste Services Limited, a fellow subsidiary of Biffa Plc. There are no other employees. The cost of these staff, along with the cost of other services provided by Biffa Waste Services Limited, is recharged to the Company.

4 Finance costs

	2021	2020
	£'000	£'000
Interest on financial liabilities measured at amortised cost:		
Other interest	17	8
Other finance costs:		
Unwinding of discount in provisions (note 13)	266	262

5 Taxation	2021	2020
	£'000	£'000
Current tax		
UK corporation tax on profits for the current period	-	-
Total UK current tax	-	-
Deferred tax		
Origination and reversal of temporary differences	90	149
Changes in tax rates	(180)	(86)
Adjustment in respect of prior periods	17	161
Total deferred tax charge / (credit)	(73)	224
Total tax credit	(73)	224

The charge for the period can be reconciled to the profit per the income statement as follows:

	2021	2020
	£'000	£'000
(Loss)/profit before taxation	(276)	2,866
Expected tax charge based on a corporation tax rate of 19.00% (2020: 19.00%)	(53)	545
Effect of expenses not deductible in determining taxable profit	3	11
Adjustment in respect of prior years	17	161
Effect of change in tax rate	(180)	(86)
Group relief	140	(407)
Taxation charge for the period	(73)	224

The UK Government announced on 3 March 2021 a proposed increase in the UK corporation tax rate to 25% with effect from April 2023. As deferred tax assets and liabilities are measured at the rates expected to apply in the period of the reversal, the deferred tax balances have been calculated at 25%.

6 Property, plant and equipment

	Landfill sites	Land and buildings	Right-to-use plant and machinery	Total
	£'000	£'000	£'000	£'000
Cost				
At 27 March 2020	40,398	-	1,009	41,407
Additions	148	279	-	427
Transfers*	1,081	-	-	1,081
At 26 March 2021	41,627	279	1,009	42,915
Accumulated depreciation and impairment				
At 27 March 2020	34,974	-	275	35,249
Charge for period	698	-	363	1,061
Transfers*	(2)	-	-	(2)
At 26 March 2021	35,670	-	638	36,308
Carrying amount				
At 26 March 2021	5,957	279	371	6,607
At 27 March 2020	5,424	-	734	6,158

*Transfers include the transfer of assets from the Land Reinstatement and Environmental Provision (as detailed in note 14), in addition to the transfer of assets to and from other entities within the Biffa Group.

7 Inventories

	2021	2020
	£'000	£'000
Raw materials and consumables	10	12

There is no material difference between the book value of inventories and their replacement cost.

8 Trade and other receivables

	2021	2020
	£'000	£'000
Trade receivables	830	1,688
Amount owed by parent undertaking	28,555	28,555
Amounts owed by fellow group undertakings	55,310	53,545
Prepayments	23	41
Accrued income	10	13
	84,728	83,842
Deferred tax asset (note 14)	749	676
	85,477	84,518

Amounts owed by group undertakings are unsecured, interest free and have no fixed date of repayment.

9 Investments in subsidiary undertakings

At 26 March 2021 and 27 March 2020 the Company owned 100% of the share capital of Biffa Roxby Limited and Norwaste Limited, dormant companies incorporated in England and Wales, with registered addresses at Coronation Road, Cressex, High Wycombe, Buckinghamshire, HP12 3TZ.

10 Liabilities

	Current		Non-current	
	2021	2020	2021	2020
	£'000	£'000	£'000	£'000
Trade and other payables (note 11)	15,442	15,478	-	-
Taxation and social security	690	1,193	-	-
Lease liabilities (note 12)	186	417	433	241
	16,318	17,088	433	241

11 Trade and other payables

	2021	2020
	£'000	£'000
Amount owed to parent undertakings	15,000	15,000
Accruals and deferred income	442	478
	15,442	15,478

Amounts owed to parent undertakings are unsecured, interest free and have no fixed date of repayment.

12 Lease liabilities

	Minimum lease payments		Present value Minimum lease payments	
	2021	2020	2021	2020
	£'000	£'000	£'000	£'000
Within one year	314	440	186	417
In two to five years	403	443	275	241
More than 5 years	-	-	158	-
Total undiscounted liabilities	717	883	619	658
Future finance charges and other adjustments	(98)	(225)	-	-
Lease liabilities in the financial statements	619	658	619	658

Lease liabilities are classified based on the amounts that are expected to be settled within the next 12 months and after more than 12 months from the reporting date, as follows:

	2021	2020
	£'000	£'000
Current liabilities	186	417
Non-current liabilities	433	241
	619	658

The average lease term is 2.3 years. For the period ended 26 March 2021, the effective borrowing rate was 3.0% (2020: 3.1%). All lease obligations are denominated in Sterling.

13 Provisions for liabilities

	2021	2020
	£'000	£'000
Land Reinstatement and Environmental	10,051	7,864

Movements on provisions:	£'000
At 27 March 2020	7,864
Charge to profit and loss	2,664
Utilisation of provision	(1,826)
Unwinding of discount (note 4)	266
Transfer to depreciation	2
Transfer to fixed assets	1,081
At 26 March 2021	10,051

13 *Provisions for liabilities (continued)*

As part of its normal activities, the group undertakes to reinstate its landfill sites and to maintain the sites and control leachate and methane emissions from the sites. Provision is made for these anticipated costs. Reinstatement costs are incurred as each site is filled and in the period immediately after its closure.

Maintenance and leachate and methane control costs are incurred as each site is filled and for a number of years post closure. Long term aftercare provisions included in Landfill Reinstatement and Environmental provisions have been discounted at a rate of 2.0% (2020: 2.3%).

Environmental control costs are incurred as each site is filled and for a number of years post closure. This period can vary significantly from site to site, depending upon the types of waste landfilled and speed at which it decomposes, the way the site is engineered and the regulatory requirements specific to the site.

As at the date of the Statement of Financial Position, the associated outflows are estimated to arise over a period of up to 60 years depending on the date of each site closure.

14 Deferred taxation

The following are the major deferred tax liabilities and assets recognised by the Company and movements thereon during the current and prior reporting period.

	Accelerated capital allowances	Other timing differences	Total
	£'000	£'000	£'000
Deferred tax asset at 27 March 2020	(301)	(375)	(676)
Deferred tax movements in current year			
Charge to profit or loss	(249)	176	(73)
Deferred tax asset at 26 March 2021	(550)	(199)	(749)

Deferred tax asset of £749k (2020: £676k) has been recognised in the accounts because the Company considers, based upon its financial projections, that it is probable that future taxable profits will arise, against which the asset can be utilised.

15 Share capital	2021	2020
	£	£
Ordinary share capital		
Issued and fully paid		
100 Ordinary shares of £1 each	100	100

16 Controlling party

The immediate parent undertaking is UK Waste Management Holdings Limited, a Company incorporated in England and Wales.

The only group and therefore the largest and smallest undertaking in which the Company's results are consolidated is that headed by Biffa Plc, a public limited Company registered in England and Wales, which owns the entire shareholding of the Company via its holdings in subsidiary undertakings. Copies of the consolidated Financial Statements of Biffa Plc can be obtained from the registered office at Coronation Road, Cressex, High Wycombe, Buckinghamshire, HP12 3TZ.